



Development Bank of Japan Inc.

(incorporated with limited liability under the laws of Japan)

Global Medium Term Note Programme **in the case of Notes specified to be guaranteed Notes in the relevant Final Terms,** **unconditionally and irrevocably guaranteed as to payment of principal and interest by** **Japan**

Under the Global Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Development Bank of Japan Inc. ("**DBJ**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the "**Notes**"). Notes that are specified to be guaranteed Notes in the relevant Final Terms (as defined in "Overview of the Programme — Method of Issue") (the "**Guaranteed Notes**") will be unconditionally and irrevocably guaranteed by Japan (the "**Guarantor**") (see "Terms and Conditions of the Notes — Guarantee"; such guarantee being referred to herein as the "**Guarantee**"). There are no limits to the aggregate nominal amount of Notes that may be outstanding under the Programme. However, the issuance of Notes will be subject to the maximum amount resolved by DBJ's board of directors from time to time. In addition, each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any such Guarantee (see "General Information"), and issues of Guaranteed Notes are subject to limits imposed by annual budgetary authorisations set by the Japanese Diet for each fiscal year ending at the end of March.

Application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("**FSMA**") (the "**UK Listing Authority**") for Notes issued under the Programme for the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Professional Securities Market (the "**Market**"). This Offering Circular comprises listing particulars given in compliance with the listing rules made under Section 74 of the FSMA. References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is not a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market.

The Notes will be issued to one or more of the dealers specified on page 23 (each a "**Dealer**" and collectively the "**Dealers**", which expression shall include any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on a continuing basis, but shall exclude an entity the appointment of which has been terminated). Notes may also be issued to third parties other than Dealers. Dealers and such third parties are referred to herein as "**Purchasers**".

Notes may be issued either in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). However, all Guaranteed Notes will be issued in registered form.

Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in Permanent Global Notes or Definitive Notes on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. The Notes and the Guarantee have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Guarantee may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

The Notes and the Guarantee may be offered and sold (i) only outside the United States to non-U.S. persons in reliance on Regulation S ("**Regulation S Only Guaranteed Note Offerings**"), or (ii) outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) ("**QIBs**") in reliance on Rule 144A ("**Rule 144A and Regulation S Guaranteed Note Offerings**"). Notes that do not have the benefit of the Guarantee ("**Non-guaranteed Notes**") may be offered and sold only outside the United States to non-U.S. persons in reliance on Regulation S.

Prospective investors should consider the factors described under the section headed "Risk Factors" in this Offering Circular.

Arranger

BofA Merrill Lynch

Dealers

Barclays
BofA Merrill Lynch
Daiwa Capital Markets Europe
Goldman Sachs International
J.P. Morgan
Morgan Stanley

BNP PARIBAS
Citigroup
Deutsche Bank
HSBC
Mizuho Securities
Nomura

This Offering Circular comprises listing particulars given in compliance with the listing rules made under Section 79(2) of the FSMA by the UK Listing Authority for the purpose of giving information with regard to DBJ and its subsidiaries and affiliates taken as a whole and the Notes which, according to the particular nature of DBJ and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of DBJ.

DBJ accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of DBJ (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

In relation to Guaranteed Notes, Japan accepts responsibility for the information contained in this Offering Circular relating to Japan and the Guarantee. To the best of the knowledge of Japan (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular relating to Japan is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by DBJ or any of the Dealers or the Arranger (as defined in "Overview of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of DBJ since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of DBJ since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by DBJ, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, the Non-guaranteed Notes have not been and will not be registered under the Securities Act, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Non-guaranteed Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons. Further, the Guaranteed Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (1) in accordance with Rule 144A to a person that the holder and any person acting on its behalf reasonably believes is a QIB that is acquiring the Guaranteed Notes for its own account or for the account of one or more QIBs, (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (3) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, or (4) pursuant to any effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Notes. Prospective purchasers of Guaranteed Notes in Rule 144A and Regulation S Guaranteed Note Offerings are hereby notified that sellers of such Guaranteed Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes (see "Subscription and Sale" and "Transfer Restrictions").

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**") and will be subject to the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the "**Special Taxation Measures Act**") (see "Subscription and Sale"). **BY PURCHASING THE NOTES, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS (I) A BENEFICIAL OWNER THAT IS, FOR JAPANESE TAX PURPOSES, NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-**

RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A PERSON OR ENTITY CONTROLLING, OR CONTROLLED BY, DBJ, OR OTHERWISE HAVING A PRESCRIBED SPECIAL RELATIONSHIP WITH DBJ AS DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT AND CABINET ORDER NO. 43 OF 31 MARCH 1957 PROMULGATED THEREUNDER, AS AMENDED (THE "CABINET ORDER") (A "RELATED PARTY"), (II) A JAPANESE FINANCIAL INSTITUTION, DESIGNATED IN ARTICLE 3-2-2 PARAGRAPH (29) OF THE CABINET ORDER THAT WILL HOLD THE NOTES FOR ITS OWN PROPRIETARY ACCOUNT OR (III) ANY OTHER EXCLUDED CATEGORY OF PERSONS, CORPORATIONS OR OTHER ENTITIES UNDER THE SPECIAL TAXATION MEASURES ACT.

DBJ will not issue "Taxable Linked Securities" under the Programme. "Taxable Linked Securities" means notes on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of DBJ or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with DBJ or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of DBJ, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of DBJ during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in "Overview of the Programme — Method of Issue"), the Dealer or Dealers (if any) specified as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in respect of such Tranche may over-allot Notes or effect transactions with a view to supporting a market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

This Offering Circular has been prepared by DBJ for use in connection with the offer and sale of the Notes outside the United States in reliance on Regulation S, or the offer and sale of the Guaranteed Notes in the United States in reliance on Rule 144A and the admission of the Notes to the Official List and to trading on the Market. DBJ, the Arrangers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY

AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "**Japanese Yen**", "**Yen**" and "¥" are to the currency of Japan, references to "**euro**", "**EUR**" and "€" are to the single currency introduced at the third stage of European economic and monetary union in accordance with the Treaty on the Functioning of the European Union, as amended, references to "**Renminbi**", "**CNY**" and "**RMB**" are to the currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan, the "**PRC**"), and references to "**U.S. Dollars**", "**U.S.\$**" and "\$" are to the currency of the United States.

In this Offering Circular, where information is presented in millions, amounts of less than one million have been truncated unless otherwise specified. In addition, where information is presented in billions, amounts of less than one billion have been truncated. Percentages have been rounded to the nearest per cent., one-tenth of 1 per cent. or one-hundredth of 1 per cent., as the case may be, unless otherwise specified. Due to such rounding, the total of each column of figures may not equal the total of the individual figures.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEMENT OF CIVIL LIABILITIES

DBJ is a joint stock corporation (*kabushiki kaisha*) incorporated under the laws of Japan and the Guarantor is a foreign sovereign government. All of DBJ's directors and executive officers are residents of countries other than the United States. As a result, prospective investors should note that it may be difficult or impossible to serve legal process on DBJ or its directors and executive officers and the Guarantor, or to force DBJ or them or the Guarantor to appear in a U.S. court. DBJ's legal counsel in Japan, Anderson Mori & Tomotsune, has advised DBJ that there is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgments of U.S. courts brought before Japanese courts, of civil liabilities predicated solely upon U.S. federal or state securities laws.

FORWARD-LOOKING STATEMENTS

Many of the statements included in this Offering Circular contain forward-looking statements and information identified by the use of terminology such as "may", "might", "will", "expect", "intend", "plan", "estimate", "anticipate", "project", "believe" or similar phrases. DBJ bases these statements on beliefs as well as assumptions made using information currently available to it. As these statements reflect DBJ's current views concerning future events, these statements involve risks, uncertainties and assumptions. DBJ's or the Group's (which term when used in this Offering Circular means DBJ and its consolidated subsidiaries taken as a whole) actual future performance could differ materially from these forward-looking statements. Important factors that could cause actual results to differ from DBJ's expectations include the factors discussed in "Risk Factors", "Recent Business" and "Privatisation of DBJ", as well as other matters not yet known to DBJ or not currently considered material by DBJ. DBJ does not undertake to revise forward-looking statements to reflect future events or circumstances. DBJ cautions prospective investors in the offering not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to DBJ or persons acting on DBJ's behalf are qualified in their entirety by these cautionary statements.

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NOTICE TO INVESTORS

Investors Should Make Their Own Assessments with Regard to Investment in the Notes

Subject to the Guarantor providing a guarantee for the Notes as specified in the relevant Final Terms, investors should note that the Notes are non-guaranteed obligations of DBJ.

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the prospective investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal Investment Considerations May Restrict Certain Investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the audited consolidated financial statements of DBJ for each of the financial years ended 31 March 2014 and 31 March 2015, together in each case with the audit report thereon which have been previously published or are published simultaneously with this Offering Circular and which have been approved by the Financial Conduct Authority or filed with it.

In relation to Guaranteed Notes, this Offering Circular should also be read and construed in conjunction with Japan's Annual Report on Form 18-K for the year ended 31 March 2015, which has been previously published and which has been filed with the Financial Conduct Authority.

The documents listed above shall be incorporated in and form part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The information incorporated by reference from Japan's Annual Report on Form 18-K for the year ended 31 March 2015 includes, but is not limited to, the following items in relation to Japan (the page numbers below are those of Exhibit 1 to such Annual Report):

Items	Japan's Annual Report in respect of the year ended 31 March 2015 on Form 18-K — Exhibit 1 (Description of Japan)
Geographical location and legal form	"General — Area and Population" on page 4
Description of the economy	"The Economy" on pages 7-15
Description of the political system and government	"General — Government" and "General — Political Parties" on pages 4-5
Gross public debt and debt record	"Debt Record", "Japan's Public Debt", "Internal Debt" and "External Debt" on pages 29-35
Foreign trade and balance of payments	"Foreign Trade and Balance of Payments — Foreign Trade" and "Foreign Trade and Balance of Payments — Balance of Payments" on pages 16-18
Foreign exchange reserves	"Foreign Trade and Balance of Payments — Official Foreign Exchange Reserves" on page 18
Financial position and resources	"Government Finance" on pages 22-29
Income and expenditure figures	"Government Finance" on pages 22-29

Copies of documents incorporated by reference in this Offering Circular may be inspected, free of charge, at the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html, and may be obtained, free of charge, at the registered office of DBJ and the office of the Fiscal Agent. Information contained in or accessible from the website in this paragraph that is not incorporated by reference in this Offering Circular as set out above does not form part of and is not incorporated by reference into this Offering Circular.

SUPPLEMENTARY LISTING PARTICULARS

If at any time DBJ shall be required to prepare supplementary listing particulars pursuant to Section 81 of the FSMA, DBJ will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further Offering Circular which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute supplementary listing particulars as required by the UK Listing Authority and Section 81 of the FSMA.

DBJ has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Offering Circular is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of DBJ, and the rights attaching to the Notes, DBJ shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such amendment or supplement hereto as such Dealer may reasonably request.

RISK FACTORS

DBJ believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and DBJ is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which DBJ believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

DBJ believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but DBJ may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and DBJ does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

In this section "Risk Factors", the term "**DBJ**" refers to Development Bank of Japan Inc., or where appropriate, Development Bank of Japan as the predecessor of Development Bank of Japan Inc.

Considerations Relating to DBJ's Ability to Fulfil Its Obligations under the Programme

Risks relating to policies of the Japanese Government and reforms of special public institutions

DBJ was established on 1 October 2008 (by having transferred to it materially all of the assets of Development Bank of Japan by way of contribution in kind and assuming materially all of the rights and all of the liabilities of Development Bank of Japan) pursuant to The Development Bank of Japan Inc. Act (Act No. 85 of 2007, as amended) (the "**DBJ Act**"), which was passed by the Japanese Diet at its ordinary session on 6 June 2007 and came into effect on 13 June 2007, as part of the reforms of special public institutions promulgated by the Japanese Government under the Act Concerning Promotion of Administrative Reform to Realise a Streamlined and Efficient Government (Act No. 47 of 2006, as amended) (the "**Regulatory Reform Act**"), which was approved by the Japanese Diet in May 2006. As the Japanese Government currently holds 100 per cent. of the issued share capital of DBJ, DBJ's business and financial condition may be adversely affected by the policies of the Japanese Government.

Further, although the Regulatory Reform Act sets out that there must be no inconvenience incurred by the holders of any outstanding bonds resulting from such reform, depending on the manner in which such reform or transformation is implemented by the Japanese Government, DBJ's operations may be adversely affected.

Following the global financial and economic crises being experienced since autumn 2008, DBJ started its crisis response business in relation to such international financial turmoil, which has come to an end at the end of the fiscal year ended 31 March 2011. On 26 June 2009, the Japanese Diet approved the Act for Partial Amendment of the Development Bank of Japan Inc. Act (Act No. 67 of 2009, as amended) (the "**2009 Amendment Act**"), which, as part of the response to economic and financial crises promulgated by the Japanese Government, enables the Japanese Government to strengthen DBJ's financial base through capital injections up to the end of March 2012. In accordance therewith, DBJ has increased its capital by ¥103,232 million and ¥77,962 million on 24 September 2009 and 23 March 2010, respectively. After the earthquake and tsunami that struck northeast Japan on 11 March 2011 (the "**March 2011 earthquake**"), DBJ commenced the crisis response business relating to the March 2011 earthquake in order to support companies to recover from damages caused by the earthquake and tsunami. The DBJ Act was further amended by the provisions of the Act for Partial Amendment of the Development Bank of Japan Inc. Act of Japan (Act No. 23 of 2015) (the "**2015 Amendment Act**"), which took effect as of 20 May 2015. The 2015 Amendment Act imposes on DBJ the obligation to conduct crisis response business for an indefinite period in order to secure a smooth supply of funds following disruptions to domestic or international financial order or damages caused by large-scale natural disasters, acts of terrorist and medical epidemics, among others. See "Development Bank of Japan Inc. — Operations — Crisis Response Business" for details regarding DBJ's crisis response business.

Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ set out in previous laws has been deleted, and instead provides that the Japanese Government shall dispose of all such share capital as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. Further, the 2015 Amendment Act also

contains provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Business (as defined in "Privatisation of DBJ — Privatisation Policies — Roles of Financial Institutions in Crisis Response") by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations (see "Development Bank of Japan Inc. — Operations — Crisis Response Business") (DBJ shall seek to complete this by 31 March 2026). Any changes in its policies by the Japanese Government in respect of matters relating to DBJ may adversely affect DBJ's operations and organisation (see "Privatisation of DBJ — Schedule of DBJ's Privatisation").

DBJ may be adversely affected by the implementation of its crisis response business

DBJ is currently active in its crisis response business (see "Development Bank of Japan Inc. — Operations — Crisis Response Business"); while the period for the operation of the Financial Crisis Response Business (as defined in "Development Bank of Japan Inc. — Operations — Crisis Response Business"), part of DBJ's crisis response business, has come to an end at the end of March 2011, the crisis response business in response to the March 2011 earthquake has become and continues to be active. Further, the 2015 Amendment Act introduced an obligation on the part of DBJ to conduct Crisis Response Business for an indefinite period in order to secure a smooth supply of funds following disruptions to domestic or international financial order or damages caused by large-scale natural disasters, acts of terrorist and medical epidemics, among others. In respect of part of the lending and purchase of commercial paper related to such crisis response business, arrangements are in place whereby Japan Finance Corporation ("JFC") provides security and indemnity in respect of the losses related to such lending or purchase. While DBJ intends to make appropriate use of this security and indemnity arrangements, not all of DBJ's exposure in relation to such lending and purchase are covered by such arrangements. As a result, if unforeseen events, such as a worsening of such borrowers' businesses or their bankruptcy, were to occur, DBJ's results of operations and financial condition may be adversely affected. In addition, the increase in credit exposure and total assets related to the implementation of DBJ's Crisis Response Business may affect DBJ's capital ratio and other financial indicators.

DBJ may be negatively affected by the earthquake in northeastern Japan and subsequent events

The March 2011 earthquake caused widespread devastation, including the loss of a substantial amount of property and infrastructure in the affected regions. As a result, the Japanese economy posted negative growth for the first and second quarter in 2011, and personal consumption declined on a nationwide basis, with consumer sentiment deteriorating sharply after the earthquake. The March 2011 earthquake had a severe impact on production in Japan through the shutdown of damaged factories, disruptions of the supply chains and power supply constraints. In particular, the March 2011 earthquake affected Japan's auto industry which depends on the Tohoku region for the supply of key parts including semiconductors and other electronic components. The supply constraints and the slower growth in corporate earnings in the aftermath of the March 2011 earthquake also put downward pressure on capital investment activities. The March 2011 earthquake was accompanied by a nuclear power plant accident at the Fukushima Daiichi Nuclear Plant, which not only caused power supply constraints but also had a chilling effect on certain business activities, such as in the tourism and leisure sectors. The March 2011 earthquake and its aftermath prompted the Japanese government to compile a series of supplementary budgets to ameliorate the downside effects on the Japanese economy while supporting reconstruction efforts.

On 2 May 2011, a first supplementary budget of approximately ¥4 trillion was approved by the Diet to finance reconstruction relating to damages from the earthquake and tsunami. The budget was aimed at disaster relief, including providing temporary housing, restoration of infrastructure and disaster-related loans. On 25 July 2011, the Japanese government approved a second supplementary budget of approximately ¥2 trillion aimed at further disaster relief, including increasing reserve funds also related to reconstruction relating to damages from the earthquake and tsunami. On 21 November 2011, the Japanese government approved the third supplementary budget of approximately ¥12 trillion aimed at disaster relief, including provision of emergency support for victims, reconstruction of public utilities and facilities and the additional allocation of tax grants. On 8 February 2012, the Japanese government approved the fourth supplementary budget of approximately ¥2.5 trillion aimed at meeting additional financial demand in affected areas, not limited to disaster relief.

In response to the damage caused by the earthquake and tsunami, DBJ commenced its crisis response business relating to the March 2011 earthquake. From the commencement of the crisis response business relating to the March 2011 earthquake to 31 July 2015, new loans extended by DBJ in respect of

such crisis response business amounted to ¥2,110.0 billion (166 borrowers) (DBJ having received the benefit of an indemnity from JFC (or was intending to apply for such indemnity) in respect of ¥1.9 billion (7 cases)). In the event of unanticipated developments such as bankruptcy or deterioration in business performance of borrowers, DBJ's results of operations and financial condition may be adversely affected.

DBJ may be adversely affected by adverse movements in the Japanese economic conditions

The March 2011 earthquake had an adverse impact on Japan's economy (see "— DBJ may be negatively affected by the earthquake in northeastern Japan and subsequent events"). The Japanese economy has been seeing some signs of a recovery recently, with increased corporate incomes and capital expenditure. However, the Japanese economy continues to face certain challenges. Although the Japanese government is pursuing an expansionary monetary and fiscal policy in an effort to counter depreciation, the full effects of such policy remain unclear. Further challenges for the Japanese economy include an increased dependence on liquefied natural gas and other energy imports as a result of the nuclear accident at the Fukushima Daiichi Nuclear Plant and suspension of operations at other nuclear power plants and, over the long term, demographic challenges, such as an aging workforce and population decrease, and high levels of public debt and associated debt servicing payments. Further slowdowns in overseas economies and sharp fluctuations in the financial and capital markets also pose downside risks to the Japanese economy.

If the Japanese economy were to experience a downturn caused by factors such as lower economic activity, fluctuating stock prices, strengthened level of yen, geo-political factors and falling real estate prices, DBJ could experience weakness in its business and deterioration in the credit quality of its loan and securities portfolios, which could adversely affect DBJ's results of operations and financial condition.

Changes in interest rates could adversely affect DBJ's financial condition and results of operations

DBJ generates a portion of its income through the difference between interest earned on loans, securities and other interest-earning assets, and interest paid on bonds and notes, borrowings and other interest-bearing liabilities. Because of the difference in maturities and pricing of DBJ's interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest earned on interest-earning assets and interest paid on interest-bearing liabilities. If DBJ is not able to respond in a timely manner to changes in interest rates, this could adversely affect its profitability. Hedging activities related to interest rate risk entered into by DBJ may only partially cover such interest rate risk.

Furthermore, an increase in interest rates may decrease demand for DBJ's loans or increase its non-performing loans as some of its borrowers with variable-interest loans may not be able to meet the increased interest payment requirements. Such a development may adversely affect DBJ's results of operations and financial condition.

Foreign exchange rate fluctuations could adversely affect DBJ's financial condition and results of operations

A certain proportion of the bonds and notes issued by DBJ and Development Bank of Japan are denominated in foreign currencies, while most of the loans they make are denominated in yen. DBJ is therefore exposed to currency risk, including those arising from the foreign currency-denominated bonds it has issued, and its foreign currency-denominated loans and equity investments. Although the Group engages in foreign exchange hedging activities by entering into foreign currency swap transactions to decrease the effect of fluctuations in the exchange rate between yen and the relevant currencies, there can be no assurance that such measures will be effective and foreign exchange rate fluctuations over a longer period may adversely affect DBJ's results of operations and financial condition.

Further, DBJ is exposed to settlement risk where a time lag exists upon settlement of its foreign currency transactions. Although DBJ implements risk management measures with a view to ensuring that it is not exposed above a generally tolerable level of settlement risk in such transactions, there can be no assurance that such measures will be effective in respect of all such risks, and in the event that such risk exceeds the level covered by its risk management measures, DBJ's results of operations and financial condition may be adversely affected.

DBJ may be subject to liquidity risk

DBJ is subject to liquidity risk, or the risk of having insufficient funds due to an excessive disparity between collection of funds and DBJ's repayment obligations, or of failing to raise sufficient funds in the

event of an emergency. Previously, Development Bank of Japan had, as a government-related financial institution, relied on a stable procurement of funds from the Japanese Government's Fiscal Investment and Loan Program ("**FILP**" or "*zaito programme*"), including government borrowing and government guaranteed bond issuance. Until such time as DBJ is fully privatised, DBJ is also able to issue government guaranteed bonds and borrow from the Japanese Government pursuant to the FILP.

Although DBJ takes measures with regard to its liquidity such as careful management of projected cash flows, careful maintenance of funds it has on hand and overdraft lines of credit that it has established with multiple private financial institutions, if circumstances relating to liquidity unforeseen by DBJ were to occur, its funding costs may be materially adversely affected.

DBJ is also subject to market liquidity risk in relation to its holding of market products or products which it expects to sell in the market in the future. DBJ recognises and considers such risks when making investments in such products, and has in place certain risk management policies in relation to the administration of the products which it has acquired. However, such risk management may not be sufficient to mitigate all risks relating to such products. To the extent that such risks have not been sufficiently mitigated, DBJ's results of operations and financial condition may be materially adversely affected.

DBJ may be adversely affected by non-performing loans

DBJ is exposed to credit risk relating to its loans and investments. If the financial condition of the borrowers or investees were to deteriorate as a result of changes in economic conditions, real estate prices or other factors, the value of assets held by DBJ may deteriorate or be extinguished. While DBJ has in place policies related to non-performing loans, including providing adequate reserves for possible loan losses, DBJ's non-performing loans, related credit costs and other costs could increase if, among other things:

- economic conditions in Japan deteriorate;
- the global economic environment deteriorates;
- real estate or stock prices in Japan decline;
- the rate of corporate or individual bankruptcies in Japan rises;
- its borrowers become insolvent, or face financial difficulties and require debt forgiveness or other debt relief arrangements to be made with regard to their debt;
- the quality of DBJ's loan portfolio is adversely affected by other factors to an extent that is worse than anticipated; or
- corporate credibility issues among large-scale borrowers surface.

As of 31 March 2015, DBJ's non-performing loans, as classified under the Banking Act of Japan (Act No. 59 of 1981, as amended) (the "**Banking Act**"), constituted 0.77 per cent. of DBJ's consolidated total loans outstanding, a decrease from 0.99 per cent. as of 31 March 2014.

DBJ's allowance for loan losses may be insufficient to cover future loan losses

DBJ's allowance for loan losses is based on its past experience of credit losses and on the character, quality and performance of its loan portfolio, the value of collateral and guarantees and other pertinent indicators. If DBJ's actual loan losses are higher than currently expected, its current allowance for loan losses will be insufficient. If economic conditions deteriorate in Japan and/or overseas, causing DBJ to change some of its assumptions and estimates, if the value of collateral which it holds declines, if it alters its standards for establishing loan reserves as a result of changes in Japanese banking regulations, auditing standards or otherwise, or if it is adversely affected by other factors more adversely than anticipated, DBJ may be required to provide for additional allowance for loan losses.

DBJ's investments may not generate the returns DBJ expects and may contribute to volatility in DBJ's results of operations

From time to time, DBJ has made and may continue to make investments in various forms, including equity investments and lending arrangements either directly as principal or indirectly as a member

of a syndicate or consortium. Although DBJ generally makes these investments in situations where it believes its investment will generate positive returns, actual results may be significantly less than DBJ's expectations and DBJ may lose the value of its investment.

Downturn in the business results of third sector corporations may adversely affect DBJ

DBJ's loan and investment portfolios include those in respect of projects of public use and interest run by local government organisations referred to as "third sector corporations" (see "Development Bank of Japan — Operations — Non-performing Loans — Third Sector Corporations"). Due to the fact that in general the third-sector businesses have a highly public nature and long periods of time are required to recoup investments, the ratio of non-performing loans in the sector is relatively high as compared to DBJ's loan operations in general. If there is a significant downturn in the business results of this sector, or if there is a decrease in the value of collateral, credit-related expenses for DBJ may increase, which may have an adverse impact on DBJ's financial condition and results of operations.

DBJ's risk management policies and procedures may not adequately address unidentified or unanticipated risks

DBJ has devoted significant resources to developing its risk management policies and procedures to address various risks, including credit risk, market risk and liquidity risk. Despite this, the policies and procedures to identify, monitor and manage risks may not be fully effective. Managing these risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, but such policies and procedures may not always be fully utilised and may not be fully effective to manage all unanticipated risks.

Furthermore, DBJ may expand the types of investments that it makes in order to maintain stable profit levels. As the complexity of its investments increases, DBJ will be exposed to new and increasingly complex risks. Although DBJ takes steps to implement integral risk management, in the event that DBJ's risk management systems prove to be inadequate, DBJ may be subject to considerable market, credit and other risks.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either DBJ or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

DBJ is subject to various laws and regulations, including those applicable to financial institutions

DBJ is subject to significant regulation and regulatory supervision as a financial institution. DBJ conducts its business subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, accounting rules, and voluntary codes of practice and their interpretations and enforcement in Japan. Future developments or changes in laws, regulations, policies, accounting rules, voluntary codes of practice, fiscal or other policies and their effects are not entirely predictable and are beyond DBJ's control and their effects cannot be eliminated. Any of the changes referred to above could negatively affect DBJ's results of operations and financial condition.

DBJ's fundraising may be adversely affected by changes in rating agencies' and market professionals' assessment of DBJ

DBJ's fundraising may be affected by changes in rating agencies' and market professionals' assessment of DBJ. A downgrade in the credit ratings assigned to DBJ, or negative assessments made by market professionals in respect of DBJ, could have an adverse effect on DBJ's business, financial condition or results of operations, including through:

- increased costs and/or increased difficulty in raising funds;
- the termination or cancellation of existing agreements; and
- the need to provide additional collateral in connection with derivatives transactions.

Credit ratings are based upon information furnished by DBJ or obtained from independent sources and are subject to revision, suspension or withdrawal by the rating organisation at any time.

A failure or disruption of DBJ's information systems could adversely affect its operations

The capacity and reliability of DBJ's information technology systems are critical to its day-to-day operations. These systems and DBJ's hardware and software are subject to malfunction or incapacitation due to human error, accidents, power loss, sabotage, hacking, computer viruses and similar events, as well as the loss of support services from third parties such as telephone and Internet service providers. Additionally, as with other Japanese businesses, DBJ's offices and other facilities are subject to the risk of earthquakes and other natural disasters. DBJ's backup measures may not be sufficient to avoid a material disruption of its operations, and its contingency plans may not address all eventualities that may occur in the event of a material disruption. A failure or disruption of these systems could result in unexpected losses or otherwise have an adverse effect on DBJ's results of operations and financial condition.

DBJ is subject to operational risk

DBJ is subject to operational risk, including through losses suffered from negligence of officers and employees, accidents and fraud. Although DBJ has been making efforts to reduce operational risk through thorough checking of administrative procedures and education and training of employees, there can be no assurance that losses will not be suffered in the event of unforeseen situations.

Notwithstanding anything contained in this risk factor, this risk factor should not be taken as implying that either DBJ or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

Risks relating to the expansion of DBJ's business

Under the DBJ Act, DBJ is able to undertake a broader scope of business than had been permitted to be undertaken by its predecessor, Development Bank of Japan. However, DBJ currently has limited experience and knowledge of risks related to such new businesses, and may, if risks unforeseen by it arise, not be able to implement sufficient countermeasures. In such event, DBJ may not be able to accomplish achievements which it had foreseen in respect of such new businesses, and as a result its results of operations and financial condition may be adversely affected.

For example, DBJ's current medium-term management plan (see "Development Bank of Japan Inc. — Strategy") includes further developing its international business, with a view to supporting international growth strategies of its customers. If DBJ's international operations were to expand further, DBJ may face risks related to:

- interest rate and foreign exchange risk in relation to its foreign currency denominated assets and liabilities;
- changes in tax and regulatory regimes overseas;
- changes in overseas social, political and economic circumstances; and
- time and resource constraints with regard to recruitment and education of personnel knowledgeable in international operations.

Any of such risks may adversely affect DBJ's ability to accomplish achievements which it had foreseen in respect of such business.

Competition in the financial markets

Prior to 1 October 2008, Development Bank of Japan's objective was to supplement or encourage financing activities by commercial financial institutions and not to compete with them. However, since its establishment on 1 October 2008, DBJ's objective has been changed under the DBJ Act to maintaining the foundations of investment and financing functions of long-term business funds, which previously were carried out by Development Bank of Japan, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

Currently, general financial institutions are broadly divided into commercial banks, which provide mainly senior loans, and other financial institutions such as private equity funds and certain investment banks which provide mezzanine and equity funding. DBJ believes that it is differentiated from both types of financial institutions through its ability to provide both types of services in an integrated manner at a reasonable scale. It also believes that its business model enables it to appropriately share risks with commercial banks which extend senior loans, which it believes make it less prone to competition with so-called "mega banks" in Japan.

However, competition in the domestic and international financial services markets has become very intense. Under these circumstances, the 2015 Amendment Act requires DBJ to give special consideration so as not to obstruct appropriate competitive relationships with other business operators whilst it takes measures in relation to the Crisis Response Business and the Special Investment Operations.

DBJ intends to conduct appropriate business operations in line with the purpose of the 2015 Amendment Act. However, intensifying competition in the financial markets may adversely affect the results and financial condition of DBJ.

Considerations Relating to the Market Risks Associated with Notes Issued under the Programme

Risks related to the structure of a particular issue of Notes

The Notes may be subject to optional redemption by DBJ

An optional redemption feature is likely to limit the market value of Notes. During any period when DBJ may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

DBJ may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Certain Fixed/Floating Rate Notes may bear interest at a rate that DBJ may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. DBJ's ability to convert the interest rate will affect the secondary market and the market value of such Notes since DBJ may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If DBJ converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If DBJ converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and substitution

The Agency Agreement (as defined in "Terms and Conditions of the Notes") contains provisions for calling meetings of Noteholders (as defined in "Terms and Conditions of the Notes") to consider matters affecting their interests generally, including without limitation, the right to agree to (i) any modification of any of the provisions of the Notes or (ii) the substitution of another company as principal debtor under any Notes in place of DBJ. These provisions permit defined majorities to bind all Noteholders including

Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in sterling may become payable in euro, (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes and (iii) there may no longer be available published or displayed rates for deposits in sterling used to determine the rate of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Integral multiples of €1,000

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 (or its equivalent) plus a higher integral multiple of €1,000 (or its equivalent), it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note (as defined in "Overview of the Programme — Form of Non-guaranteed Notes") and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, notwithstanding that no definitive Bearer Notes will be issued with a denomination above €99,000.

Delisting of the Notes

Where a particular issue of Notes has been listed, DBJ may where; (i) after exercising all reasonable endeavours, DBJ is unable to comply with the requirements for maintaining a listing on a stock exchange for such Notes or (ii) the maintenance of the listing for such Notes is agreed by all relevant Dealers to have become unduly onerous, delist such Notes from the relevant stock exchange on which they are listed provided that DBJ uses its best endeavours to maintain the listing for such Notes on another major stock exchange.

Because the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg or DTC, investors will have to rely on their procedures for transfer, payment and communication with DBJ

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with a common depository or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg or nominee for DTC. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg or DTC.

While the Notes are represented by one or more Global Notes or Global Certificates, DBJ will discharge its payment obligations under the Notes by making payments to or to the order of the common depository or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg or nominee for

DTC for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of Euroclear, Clearstream, Luxembourg or DTC to receive payments under the relevant Notes. DBJ has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificate.

Holders of beneficial interests in the Global Notes or Global Certificate, will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or DTC to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the Global Notes or Global Certificate, to take enforcement action against DBJ in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Payments on the Notes may be subject to withholding under FATCA

The United States has legislation which is commonly referred to as "FATCA" that is designed to gather information about U.S. investors assets and accounts held outside of the United States. Under FATCA, where a payee fails to provide the required information, it may become subject to a withholding tax at a rate of up to 30 per cent. on the payments it receives. The United States and the Japanese taxing authorities have entered into a statement of mutual cooperation and understanding regarding FATCA (the "Statement").

Pursuant to the Statement, DBJ may be required to enter into an agreement with the U.S. taxing authorities to provide certain information about its account holders, as that term is used by FATCA, to the United States. Other financial institutions through which payments on or with respect to the Notes are made may be subject to the Statement, to an agreement between the jurisdiction in which they are acting and the United States or to an agreement that such financial institutions have made directly with the United States regarding FATCA. Under these arrangements, DBJ and other financial institutions through which payments on or with respect to the Notes are made may be required to withhold tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of any Notes that are (i) issued after the six month anniversary of the date that final regulations addressing how the withholding is going to apply to payments by non-U.S. financial institutions are published or (ii) treated as equity for U.S. federal tax purposes whenever issued.

This withholding may be triggered if (i) an investor does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" for purposes of FATCA, (ii) an investor does not consent, where necessary, to have its information disclosed to the United States or (iii) any financial institution that is an investor, or through which payment on the Notes is made, is not subject to an agreement regarding FATCA or otherwise exempt from withholding under FATCA.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, none of DBJ, any paying agent or any other person, would pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of such withholding or deduction. As a result, investors may, if FATCA does impose withholding on or with respect to the Notes receive less interest or principal than expected.

Prospective investors should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. Relevant Dealers may from time to time make a market in the Notes but are under no obligation to do so and, if a market does develop, it may not continue until the maturity of all the Notes or be liquid. The liquidity of the Notes may also be affected by restrictions on offers and sales of the Notes in some jurisdictions. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield

comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

DBJ will pay principal and interest on the Notes in the Specified Currency (as defined in "Terms and Conditions of the Notes"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market factors, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time.

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for the Notes is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in the United States and European and other industrialised countries. There can be no assurance that events in Japan, the United States, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and DBJ has not undertaken to effect any exchange offer for the Notes in the future. Investors may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The Notes and the Agency Agreement will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the Securities Act. Furthermore, DBJ has not registered the Notes under any other country's securities laws. It is each investor's obligation to ensure that its offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Transfer Restrictions".

Risks relating to Notes denominated in Renminbi

Descriptions of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

There is no assurance that the PRC Government will continue gradually to liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of DBJ to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and DBJ's ability to source Renminbi outside the PRC to service Renminbi Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China (the "**PBoC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including, but not limited to Hong Kong, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent that DBJ is required to source Renminbi in the offshore market to service the Renminbi Notes, there is no assurance that DBJ will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. DBJ will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in the Renminbi Notes is subject to currency risk

If DBJ is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in "Terms and Conditions of the Notes"), DBJ shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in "Terms and Conditions of the Notes") of any such interest or principal, as the case may be.

Investment in the Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes or Global Certificates held with the common depository or common safekeeper, as the case may be, for Clearstream, Luxembourg, Euroclear or a nominee for DTC or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi in accordance with prevailing rules and regulations. DBJ cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Offering Circular.

Issuer:	Development Bank of Japan Inc.
Guarantee:	<p>The payments of principal and interest on the Guaranteed Notes are unconditionally and irrevocably guaranteed by Japan. Notes that have a benefit of the guarantee of Japan will be so specified in the Final Terms relating to such Notes.</p> <p>Each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any Guarantee in respect of any such Guaranteed Notes.</p>
Description:	Global Medium Term Note Programme.
Size:	<p>There are no limits to the aggregate nominal amount of Notes that may be outstanding under the Programme. However, the issuance of Notes will be subject to the maximum amount resolved by DBJ's board of directors from time to time. In addition, each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any such Guarantee, and issues of Guaranteed Notes are subject to limits imposed by annual budgetary authorisations set by the Japanese Diet for each fiscal year ending at the end of March.</p>
Arranger:	Merrill Lynch International
Dealers:	<p>Barclays Bank PLC BNP Paribas Citigroup Global Markets Inc. Citigroup Global Markets Limited Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch Goldman Sachs International The Hongkong and Shanghai Banking Corporation Limited HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Merrill Lynch, Pierce, Fenner & Smith Incorporated Mizuho International plc Morgan Stanley & Co. International plc Nomura International plc Nomura Securities International, Inc.</p> <p>DBJ may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches (as defined below) or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons listed above as dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Fiscal Agent, Paying Agent, Registrar and Transfer Agent:	The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch and MUFG Union Bank, N.A. (as U.S. representative of Fiscal Agent, Paying Agent, Registrar and Transfer Agent).

Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a " Series ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a " Tranche ") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the " Final Terms ").
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Non-guaranteed Notes:	<p>Non-guaranteed Notes may be issued as Bearer Notes, in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or as Registered Notes.</p> <p>Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary global note (a "Temporary Global Note") if (i) definitive Notes ("Definitive Notes") are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "— Selling Restrictions" below), otherwise such Tranche will be represented by a permanent global note (a "Permanent Global Note"). Temporary Global Notes and Permanent Global Notes are referred to herein as "Global Notes".</p> <p>Global Notes which are classic Global Notes ("CGN") may be deposited on the relevant issue date with a common depositary (the "Common Depositary") on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, <i>société anonyme</i> ("Clearstream, Luxembourg"). Global Notes which are new Global Notes ("NGN") may be deposited on the relevant issue date with a common safekeeper (the "Common Safekeeper") on behalf of Euroclear and Clearstream, Luxembourg.</p> <p>Registered Notes will be represented by registered certificates ("Certificates"), one or more Certificates being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates". Registered Notes which are Non-guaranteed Notes will generally initially be represented by a Global Certificate registered in the name of, or in the name of the nominee for, (i) in the case of Registered Notes that are not held under the New Safekeeping Structure ("NSS"), the Common Depositary, or (ii) in the case of Registered Notes that are held under NSS, the Common Safekeeper. Such Global Certificates, together with any Global Certificates in respect of Guaranteed Notes issued in respect of Regulation S Only Guaranteed Note Offerings, are referred to herein as "Regulation S Global Certificates".</p>
Form of Guaranteed Notes:	All Guaranteed Notes will be Registered Notes. The minimum aggregate principal amount of Guaranteed Notes of a Series upon the issue of each Tranche of such Series shall be ¥20,000,000,000 (or its equivalent in other currencies).

Guaranteed Notes that are offered and sold in Regulation S Only Guaranteed Note Offerings will generally initially be represented by Regulation S Global Certificates registered in the name of, or in the name of the nominee for, (i) in the case of Registered Notes that are not held under NSS, the Common Depository, or (ii) in the case of Registered Notes that are held under NSS, the Common Safekeeper.

Guaranteed Notes that are offered and sold in Rule 144A and Regulation S Guaranteed Note Offerings will be represented by one or more unrestricted Global Certificates ("**Unrestricted Global Certificate(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Unrestricted Registered Notes**") and/or one or more restricted Global Certificates ("**Restricted Global Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Registered Notes**"), in each case as specified in the relevant Final Terms.

Notes represented by an Unrestricted Global Certificate will be registered in the name of, or in the name of the nominee for, the Common Depository. Notes represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for The Depository Trust Company ("**DTC**"). Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

Clearing Systems:

Euroclear and Clearstream, Luxembourg for Bearer Notes. Euroclear, Clearstream, Luxembourg and/or DTC for Registered Notes or as may be agreed between DBJ, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes:

On or before the issue date for each Tranche, if the relevant Global Note is a CGN representing Bearer Notes or Exchangeable Bearer Notes or the Regulation S Global Certificate representing Registered Notes (that are either Non-guaranteed Notes or Guaranteed Notes that are offered and sold in Regulation S Only Guaranteed Note Offerings) that are not held under NSS, such Global Note or Regulation S Global Certificate may be deposited with the Common Depository. On or before the issue date for each Tranche, if the Global Note is an NGN representing Bearer Notes or Exchangeable Bearer Notes, or the Regulation S Global Certificate representing Registered Notes (that are either Non-guaranteed Notes or Guaranteed Notes that are offered and sold in Regulation S Only Guaranteed Note Offerings) that are held under NSS, such Global Note or Regulation S Global Certificate may be deposited with the Common Safekeeper.

In respect of Guaranteed Notes that are offered and sold in Rule 144A and Regulation S Guaranteed Note Offerings, on or before the issue date for each Tranche, the Unrestricted Global Certificate(s) and the Restricted Global Certificate(s) will be deposited with the Common Depository and the custodian for DTC (the "**DTC Custodian**"), respectively.

Global Notes, Regulation S Global Certificates or Unrestricted Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by DBJ, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:	Japanese Yen, U.S. Dollar, Renminbi, Euro, Pound Sterling, Swiss Franc, Canadian Dollar, Australian Dollar or, subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed between DBJ and the relevant Dealer(s) (as indicated in the relevant Final Terms).
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 40 years.
Specified Denomination:	<p>Definitive Notes will be in such denominations (each a "Specified Denomination") as may be specified in the applicable Final Terms, subject to the requirement that (i) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by DBJ in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies), (ii) all Notes will have a minimum denomination of €1,000 (or its equivalent in other currencies at the date of issue) and (iii) in the case of any Notes to be sold in the United States to QIBs, the minimum Specified Denomination shall be U.S.\$200,000 (or its equivalent in any other currency as at the date of issue of the Notes).</p> <p>It is expected that, unless otherwise agreed with the relevant Dealer(s), Notes will have a denomination of at least €100,000 (or its equivalent in other currencies at the date of issue). All Notes which are to be listed on the Official List and admitted to trading on the Market will have a denomination of at least €100,000 (or its equivalent in other currencies at the date of issue).</p>
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to LIBOR, EURIBOR or BBSW as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Final Terms.</p>
Zero Coupon Notes:	Zero Coupon Notes (as defined in "Terms and Conditions of the Notes") may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by DBJ in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes and any other type of Note that DBJ and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or amendment or supplement to this Offering Circular.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of DBJ (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of the Notes:	The Notes and the Receipts and Coupons relating to them will constitute direct, unconditional and unsecured obligations of DBJ, ranking <i>pari passu</i> and rateably without any preference among themselves and rank at least equally with all other unsecured obligations of DBJ represented by bonds or notes from time to time outstanding. Under the DBJ Act (as defined herein), all holders of bonds and notes issued by Development Bank of Japan prior to 1 October 2008 have a preferential right to be paid prior to other unsecured indebtedness, with the exception of obligations in respect of national and local taxes and subject to certain rights provided in the Civil Code (as defined herein), such as preferential rights of employees to wages. Notes issued on or after 1 October 2008 will have no such preferential rights. See "Terms and Conditions of the Notes — Status".
Status of the Guarantee:	In respect of Guaranteed Notes, the Guarantee will constitute the direct, unconditional and general obligation of the Guarantor and will rank <i>pari passu</i> with all other general obligations of the Guarantor without any preference one above the other.
Negative Pledge:	Only the Notes which do not have the benefit of the guarantee of Japan have the benefit of a negative pledge. See "Terms and Conditions of the Notes — Negative Pledge".
Event of Default:	See "Terms and Conditions of the Notes — Events of Default". Different Events of Default apply for non-guaranteed Notes and Guaranteed Notes.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Japan subject to customary exceptions (including the ICMA Standard EU Tax exemption Tax Language), all as described in "Terms and Conditions of the Notes — Taxation".
Governing Law:	English law.
Listing and Admission to Trading:	Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

**Redenomination,
Renominalisation and/or
Consolidation:**

Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.

Selling Restrictions:

The United States, the European Economic Area (including the United Kingdom and The Netherlands), Japan, Hong Kong and the PRC. See "Subscription and Sale".

The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes are in registered form for U.S. holder or will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

**Certain ERISA
Considerations:**

Subject to the considerations and requirements described in "Certain ERISA and Other Considerations" and unless otherwise specified in any relevant Final Terms the Notes may be purchased and held by Plans (as defined in "Certain ERISA and Other Considerations").

See "Certain ERISA and Other Considerations".

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion (and in the case of unlisted Notes also subject to amendment and as supplemented or varied) in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes or Certificates in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and in the case of unlisted Notes also subject to be amended, supplemented or varied) (and subject to simplification by the deletion of non-applicable provisions), shall (except for the paragraphs in italics) be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 20 August 2015 between DBJ, The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch as fiscal agent, MUFG Union Bank, N.A., as U.S. representative of The Bank of Tokyo-Mitsubishi UFJ, Ltd., London Branch as fiscal agent, and the other agents named in it, and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 20 August 2015 executed by DBJ in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes (as defined below)), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes. The Notes are tradeable only in the Specified Denominations.

All Guaranteed Notes shall be Registered Notes, and will be specified as such in the Final Terms relating to such Notes.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that DBJ shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by DBJ), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by DBJ, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of DBJ's or a Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of DBJ, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by DBJ at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Status

The Notes and the Receipts and Coupons relating to them are (subject to Condition 4) direct, unconditional and (subject to Condition 4) unsecured obligations of DBJ and shall at all times rank *pari passu* and without any preference among themselves and rank at least equally with all other unsecured obligations of DBJ represented by bonds or notes from time to time outstanding; provided, however, that all holders of bonds and notes (including the Notes and the Receipts and Coupons relating to them) issued by Development Bank of Japan prior to 1 October 2008 have a preferential right to be paid prior to other unsecured indebtedness of DBJ, with the exception of obligations in respect of national and local taxes and subject to certain rights provided in the Civil Code, such as preferential rights of employees to wages.

[4 Negative Pledge

- (a)** DBJ will not, so long as any of the Notes or Coupons remain outstanding (as defined in the Agency Agreement), create any mortgage, charge, pledge or other security interest upon the whole or any part of its property, assets or revenues, present or future, to secure (i) any payment due in respect of any External Indebtedness issued by it, or (ii) any payment under any guarantee of External Indebtedness or indemnity relating to External Indebtedness, without at the same time according to the Notes the same security as is granted to or is outstanding in respect of such External Indebtedness or such guarantee or indemnity, or securing the Notes by such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) For the purposes of this Condition 4, the expression "**External Indebtedness**" means any indebtedness in the form of or represented by notes, debentures or other securities which:
- (i) either:
 - (A) are, or may at the option of the person entitled thereto be or become, denominated or payable in, or by reference to, a currency or currencies other than yen; or
 - (B) are denominated or payable in yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of DBJ outside Japan; and
 - (ii) are not repayable (otherwise than at the option, or due to the default, of DBJ) within three years from the date of their issue; and
 - (iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market.]¹

[4] **Guarantee**

The payment of principal and interest in respect of the Notes (including any Additional Amounts payable under Condition 8) is unconditionally and irrevocably guaranteed by Japan (the "**Guarantor**"). Such guarantees are direct, unconditional and general obligations of the Guarantor for the performance of which the full faith and credit of Japan is pledged and rank *pari passu* with all other general obligations of the Guarantor without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise and are set out in the deed of guarantee executed by the Guarantor in respect of the Notes (the "**Deed of Guarantee**").]²

5 **Interest and Other Calculations**

(a) ***Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g).

(b) ***Interest on Floating Rate Notes***

(i) ***Interest Payment Dates***

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) ***Rate of Interest for Floating Rate Notes***

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

¹ This square bracketed provision applies for non-guaranteed Notes only.

² This square bracketed provision applies for Guaranteed Notes only.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being LIBOR, EURIBOR or BBSW as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time (as defined below) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

In these Conditions, "**Specified Time**" means 11.00 a.m. London time in the case of determination of LIBOR, 11.00 a.m. Brussels time in the case of a determination of EURIBOR, or 10.30 a.m. Sydney time in the case of a determination of BBSW.

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the Specified Time, subject as provided below, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and DBJ suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) ***Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (after as well as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(f) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(g) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, DBJ, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or

(ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(f), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

- (i) a day on which commercial banks and foreign exchange markets settle payments in London and/or any Business Centre(s) specified in the applicable Final Terms; and/or
- (ii) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (iii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Business Day**"); and/or
- (iv) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "Calculation Period"):

- (i) if "**Actual/Actual**" or "**Actual/Actual — ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if "30E/360 (ISDA)" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

- (vii) if "**Actual/Actual-ICMA**" is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Renminbi or Australian dollars or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"PRC" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"Rate Calculation Date" means the day which is two Reference Calculation Business Days before the due date of the relevant amount under these Conditions.

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and in the case of a determination of BBSW, the principal Sydney office of four major banks in the Sydney inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"Reference Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealing in foreign exchange) in Hong Kong and New York City.

"Reference Rate" means the rate specified as such hereon appearing on the Relevant Screen Page.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"Renminbi" means the currency of the PRC.

"Renminbi Dealer" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

"Renminbi Illiquidity" means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, DBJ cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by DBJ in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers.

"Renminbi Inconvertibility" means the occurrence of any event that makes it impossible for DBJ to convert any amount due in respect of the Notes into Renminbi on any payment date at the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of DBJ to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date of the relevant

Final Terms and it is impossible for DBJ, due to an event beyond its control, to comply with such law, rule or regulation).

"Renminbi Non-transferability" means the occurrence of any event that makes it impossible for DBJ to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of DBJ to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date of the relevant Final Terms and it is impossible for DBJ, due to an event beyond its control, to comply with such law, rule or regulation).

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"Spot Rate" means, for a Rate Calculation Date, the spot RMB/U.S. Dollar exchange rate for the purchase of U.S. Dollars with Renminbi in the over the counter Renminbi exchange market in Hong Kong as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available RMB/U.S. Dollar official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

"U.S. Dollar Equivalent" means the Renminbi amount converted into U.S. Dollars using the Spot Rate for the relevant Rate Calculation Date.

(j) Calculation Agent

DBJ shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, DBJ shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) *Early Redemption*

(i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of DBJ in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) DBJ has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Japan or the laws or regulations of the jurisdiction in which DBJ is incorporated or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by DBJ taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which DBJ would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, DBJ shall deliver to the Fiscal Agent a certificate signed by an authorised officer of DBJ stating that DBJ is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of DBJ so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that DBJ

has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) *Redemption at the Option of DBJ*

If Call Option is specified hereon, DBJ may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) *Redemption at the Option of Noteholders*

If Put Option is specified hereon, DBJ shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 30 nor more than 60 days' notice to DBJ (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of DBJ.

(f) *Purchases*

DBJ and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) *Cancellation*

All Notes purchased by or on behalf of DBJ or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by DBJ, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of DBJ in respect of any such Notes shall be discharged.

7 *Payments and Talons*

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of

Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(v)), as the case may be, in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and in the case of Renminbi, by transfer to a Renminbi account ascertained by or on behalf of a Noteholder with a Bank in Hong Kong. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (as applicable, the "**Record Date**"). Payments of interest on each Registered Note shall be made (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and (y) in the case of Renminbi, by transfer to the registered account of the Noteholder. In this Condition 7(b), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

For Registered Notes represented by Regulation S Global Certificates, the Record Date shall be the Clearing System Business Day (as defined below) immediately before the due date for payment thereof.

For Registered Notes represented by Unrestricted Global Certificates and Restricted Global Certificates, the Record Date shall be the fourth Clearing System Business Day (as defined below) before the due date for payment thereof.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) DBJ shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of DBJ, any adverse tax consequence to DBJ.

(d) Payments Subject to Fiscal Laws

All payments are subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements

thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by DBJ and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of DBJ and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. DBJ reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that DBJ shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agent having specified office in at least one major European city, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, DBJ shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and Unexchanged Talons*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as DBJ may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date

shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Payment of U.S. Dollar Equivalent

Notwithstanding the foregoing, with respect to Renminbi Notes, if by reason of Renminbi Inconvertibility, Renminbi Non-transferability or Renminbi Illiquidity, DBJ is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, DBJ may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi-denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(h) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on DBJ, the Paying Agents and all Noteholders.

(i) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

*While the Notes are in global form, the definition of "**business day**" in Condition 7(i) shall be amended by deleting the reference to "in the relevant place of presentation".*

8 Taxation

(a) Taxation and Additional Amounts

All payments of principal and interest by or on behalf of DBJ in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Japan or by any authority therein or thereof having power to tax ("**Taxes**"), unless such withholding or deduction is required by law. In that event, DBJ shall pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) to, or to a third party on behalf of, a holder who is a non-resident of Japan or a non-Japanese corporation and is liable to such Taxes in respect of such Note, Receipt or Coupon by reason of its having some connection with Japan other than the mere holding of the Note, Receipt or Coupon; or
- (ii) to, or to a third party on behalf of, a holder who is a non-resident of Japan or a non-Japanese corporation that in either case is a person or entity controlling, or controlled by, DBJ, or otherwise having a prescribed special relationship with DBJ as described in Article 6 of the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the "**Special Taxation Measures Act**") and Cabinet Order No. 43 of 31 March 1957 promulgated thereunder, as amended (the "**Cabinet Order**") (a "**Related Party**"); or
- (iii) on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order, except where the recipient of interest is a Designated Financial Institution (as defined below) who complies with the requirement to provide Exemption Information (as defined below) or to submit a Claim for Exemption (as defined below); or
- (iv) to, or to a third party on behalf of, a holder who would otherwise be exempt from any such withholding or deduction but who fails to comply with any applicable requirement to provide Exemption Information or to submit a Claim for Exemption to the Registrar or the Paying Agent to whom the relevant Note, Receipt, Coupon or Certificate is presented (where required), or whose Exemption Information is not duly communicated through a Participant (as defined below) and the relevant international clearing organisation to such Paying Agent; or
- (v) to, or to a third party on behalf of, a holder who is for Japanese tax purposes treated as a resident of Japan or a Japanese corporation (except for (A) a Designated Financial Institution who complies with the requirement to provide Exemption Information or to submit a Claim for Exemption and (B) a resident of Japan or a Japanese corporation who duly notifies the relevant Paying Agent of its status as exempt from such Taxes to be withheld or deducted by DBJ by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Note, Receipt or Coupon through a payment handling agent in Japan appointed by it); or
- (vi) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (vii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (viii) (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (x) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption

Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (y) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (z) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

No additional amounts will be payable for or on account of any deduction or withholding from a payment on, or in respect of, any Note where such deduction or withholding is imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions or any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). Further, DBJ will have no obligation to otherwise indemnify an investor for any such FATCA withholding deducted or withheld by DBJ, the paying agent or any other party that is not an agent of DBJ.

(b) Definitions

For the purposes of Condition 8(a) above:

- (i) where a Note, Receipt or Coupon is held through a certain participant in an international clearing organisation or a certain financial intermediary prescribed by the Special Taxation Measures Act and the Cabinet Order (together with related ministerial ordinances and regulations, the "**Act**") (each, a "**Participant**"), in order to receive payment free of withholding or deduction by DBJ for, or on account of Taxes, if the relevant holder is (A) a non-resident of Japan or a non-Japanese corporation, which in either case is not a Related Party, or (B) a Japanese financial institution falling under any of certain categories prescribed by the Act (a "**Designated Financial Institution**"), all in accordance with the Act, such holder shall, at the time of entrusting the Participant with the custody of the relevant Note, Receipt or Coupon, provide such Participant with certain information prescribed by the Act to enable the Participant to establish that such holder is exempt from the requirement for Taxes to be withheld or deducted (the "**Exemption Information**") and advise the Participant if the holder ceases to be so exempt; and
- (ii) where a Bond is not held by a Participant, in order to receive payments free of withholding or deduction by DBJ for, or on account of Taxes, if the relevant holder is (A) a non-resident of Japan or a non-Japanese corporation, which in either case is not a Related Party, or (B) a Designated Financial Institution, all in accordance with the Act, such holder shall on or prior to each time on which it receives interest, submit to the relevant Paying Agent a claim for exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (a "**Claim for Exemption**") in the form obtainable from the Paying Agent stating, *inter alia*, the name and address of the holder, the title of the Notes, the relevant date of interest payment, the amount of interest and the fact that the holder is qualified to submit the Claim for Exemption, together with documentary evidence regarding its identity and residence.

9 Prescription

Claims against DBJ for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

[10] Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(a) Non-payment

DBJ fails to pay principal or interest in respect of any of the Notes when due and such failure continues for 14 days; or

(b) Breach of Other Obligations

A default is made in the performance or observance by DBJ of any other obligation under any of the Notes and (except where such default is not capable of remedy, when no such notice shall be required) such default shall continue for 60 days after written notice requiring such default to be remedied shall have been given to DBJ by any holder of Notes; or

(c) Cross Default

- (i) Any present or future indebtedness of DBJ for or in respect of moneys borrowed or raised (other than the Notes) exceeding in the aggregate ¥5,000,000,000 (or its equivalent in any other relevant currency or currencies) (the "**Relevant Indebtedness**") is accelerated as a result of a default by any person or any event treated in effect as a default; or
- (ii) DBJ defaults in the repayment or discharge of any Relevant Indebtedness when due or at the expiration of any grace period originally applicable thereto; or
- (iii) DBJ shall have failed to pay when properly called upon to do so or at the expiration of any grace period originally applicable thereto any guarantee for, or indemnity in respect of, any moneys borrowed or raised exceeding in the aggregate ¥5,000,000,000 (or its equivalent in any other relevant currency or currencies) in accordance with the terms of any such guarantee or indemnity; or

(d) Winding-up

- (i) A law for winding up or dissolving DBJ, or a law designating the date of winding-up or dissolution of DBJ, is promulgated, and by the date one month prior to the date set for winding-up or dissolution of DBJ under such law(s), no provision has been made for the obligations of DBJ under the Notes to be assumed by a successor organisation or corporation; or
- (ii) The Government of Japan determines that DBJ shall cease to carry on business and the obligations of DBJ under the Notes shall not be assumed by a successor organisation or corporation; or

(e) Merger

- (i) If a resolution is passed or an order of a court of competent jurisdiction is made that DBJ be wound up or dissolved otherwise than for the purpose of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms whereof have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders, provided that no such approval shall be required if:
 - (A) the consolidation, amalgamation, merger or reconstruction is required by a statute or government decree; or
 - (B) (1) the terms of the consolidation, amalgamation, merger or reconstruction provide that the obligations of DBJ under the Notes are assumed by a successor corporation of DBJ which succeeds to rights and assets of DBJ substantially proportionate to the obligations and liabilities of DBJ which it assumes and that the successor corporation does not assume any other substantial obligations or liabilities without succeeding to other rights and assets in approximately the same proportion as aforesaid, and (2) the consolidation, amalgamation, merger or reconstruction does not have a materially adverse effect on the Noteholders or any substantial portion of them; or

- (ii) DBJ (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in Condition 10(e)(i) above):
 - (A) ceases to carry on business; or
 - (B) through an official action of the board of directors of DBJ threatens to cease to carry on business; or

(f) Enforcement Proceedings

Steps are taken to enforce any security or a distress, execution or seizure before judgement is levied or enforced upon or sued out against the whole or a substantial part of the property of DBJ and is not discharged within 60 days thereof; or

(g) Insolvency

DBJ stops payment (within the meaning of Japanese or any other applicable bankruptcy law) or is unable to pay its debts as and when they fall due.³

[10] Events of Default

- (a) If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent (a copy of such notice to be promptly forwarded to DBJ pursuant to the Agency Agreement) at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless prior to the time when DBJ receives such notice, all Events of Default provided for herein in respect of the Notes shall have been cured:
 - (i) a default is made in the payment of any interest in respect of any of the Notes when and as the same ought to be paid in accordance therewith and remains unpaid for 30 days; or
 - (ii) a default is made in the performance or observance by DBJ or the Guarantor of any other obligation under the Notes or under the Deed of Guarantee (as the case may be) and (except where such failure is not capable of remedy, when no such notice shall be required) such default shall continue for 60 days after written notice requiring such default to be remedied shall have been given to DBJ or, as the case may be, the Guarantor by the holders of not less than 25 per cent. in aggregate principal amount of the Notes for the time being outstanding; or
 - (iii) any External Indebtedness (as defined below) of DBJ for borrowed moneys exceeding in the aggregate ¥5,000,000,000 (or its equivalent in any other currency or currencies) is accelerated as a result of a default by any person or any event treated in effect as a default and such acceleration is not being contested in good faith by DBJ and is not rescinded or annulled within 90 days after written notice thereof shall have been given to DBJ by the holders of not less than 25 per cent. in aggregate principal amount of the Notes for the time being outstanding; or
 - (iv) DBJ is dissolved unless the obligations under the Notes are assumed by the Guarantor or by an entity whose obligations under the Notes are guaranteed by the Guarantor.
- (b) For the purposes of this Condition, the expression "**External Indebtedness**" means any indebtedness in the form of or represented by notes, debentures or other securities which:
 - (i) either:

³ This square bracketed provision applies for non-guaranteed Notes only.

- (A) are, or may at the option of the person entitled thereto be or become, denominated or payable in, or by reference to, a currency or currencies other than yen; or
- (B) are denominated or payable in yen and more than 50 per cent. of the aggregate principal or face amount of which is initially distributed by or with the authorisation of DBJ outside Japan; and
- (ii) are not repayable (otherwise than at the option, or due to the default, of DBJ) within three years from the date of their issue; and
- (iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any over-the-counter securities market.]⁴

11 Meeting of Noteholders and Modifications

[(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.]⁵

[(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless

⁴ This square bracketed provision applies for Guaranteed Notes only.

⁵ This square bracketed provision applies for non-guaranteed Notes only.

the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to remove or modify the provisions of the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.]⁶

(b) Modification of Agency Agreement

DBJ shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) Substitution

DBJ, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons of any company (the "**Substitute**") that is a wholly-owned subsidiary of DBJ, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect, (iii) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (iv) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (v) DBJ shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

⁶ This square bracketed provision applies for Guaranteed Notes only.

12 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by DBJ for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to DBJ on demand the amount payable by DBJ in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as DBJ may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

DBJ may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly provided that, in the case of further Notes to which U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the "**D Rules**") apply, such further Notes will initially be represented by Temporary Global Notes exchangeable for interests in Permanent Global Notes or Definitive Notes and such consolidation can only occur following the exchange of interests in the Temporary Global Notes for interests in the Permanent Global Notes or Definitive Notes upon certification of non U.S. beneficial ownership, and provided further that, in the case of Registered Notes that are part of Series that was placed in whole or in part pursuant to Rule 144A under the Securities Act, such additional Notes will be issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or be part of a qualified reopening for U.S. federal income tax purposes.

14 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as the Notes are represented or evidenced by Notes or Certificates in global form and such Notes are held on behalf of a clearing system, notices to holders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and/or publication required by these Conditions.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of DBJ) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from DBJ shall only constitute a discharge to DBJ, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which

it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, DBJ shall indemnify it against any loss sustained by it as a result. In any event, DBJ shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from DBJ's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law and Jurisdiction

(a) *Governing Law*

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with English law.

(b) *Jurisdiction*

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. DBJ irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

DBJ hereby irrevocably appoints DBJ Europe Limited, presently being at Level 20, 125 Old Broad Street, London EC2N 1AR, as its authorised agent upon whom process may be served in any Proceedings in England.

TERMS OF THE GUARANTEE OF JAPAN

The following is a summary of the provisions that will be incorporated into the Deed of Guarantee to be entered into by the Guarantor in respect of each series of Guaranteed Notes. Reference to "Notes" in this section "Terms of the Guarantee of Japan" shall have the meaning given to it in the applicable Deed of Guarantee as set out by way of summary in paragraphs 1 – 7 below.

- "1 Japan (the "**Guarantor**") unconditionally and irrevocably guarantees to the Noteholders of the [description of the Notes] (the "**Notes**") issued by Development Bank of Japan Inc. ("**DBJ**") (which has been issued as Series GG[•] under DBJ's Global Medium Term Note Programme (the "**Programme**")) the full and punctual payment of the principal of and interest on the Notes payable by DBJ pursuant to the terms and conditions applying to the Notes, including any additional amounts payable under Condition 8, as and when the same becomes due and payable. If DBJ fails to make payment as aforesaid, the Guarantor agrees on demand to cause such payment to be made in compliance with the obligations of DBJ. The Guarantor agrees that any payment made by it pursuant to this Deed of Guarantee will be made on the terms *mutatis mutandis* of Condition 8 as if references therein to "DBJ" were references to the "Guarantor".
- 2 The Guarantor covenants with the Noteholders that this guarantee is the direct, unconditional and general obligation of the Guarantor for the performance of which the full faith and credit of Japan is hereby pledged and ranks and shall rank *pari passu* with all other general obligations of the Guarantor without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise.
- 3 The obligations of the Guarantor hereunder shall be absolute and unconditional (irrespective of the validity, legality or enforceability of the Notes, the absence of any action to enforce the Notes, the waiver or consent by any Noteholder in respect of any provisions of the Notes, the obtaining of any judgment against DBJ or any action to enforce any such judgment or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of the Guarantor) and the Guarantor hereby covenants that this Deed of Guarantee shall be a continuing guarantee which shall not be discharged except by a complete performance of the obligations contained in the Notes or the Deed of Guarantee.
- 4 The liability of the Guarantor under this Deed of Guarantee shall not be lessened, affected or impaired by any time or indulgence granted to DBJ by any Noteholder or by any other person or by any compromise, scheme or arrangement affecting DBJ or dealings or transactions between DBJ and any Noteholder or any other person whether or not the Guarantor shall be a party to or consent to or be aware of the same or by the dissolution of DBJ or by any change in the status, functions, control or ownership of DBJ or any consolidation, merger, conveyance or transfer by DBJ.
- 5 The Guarantor shall be subrogated to all rights of the Noteholders against DBJ in respect of any amounts paid or other performance by the Guarantor pursuant hereto; provided that the Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation unless and until all of the Notes shall have been paid in full.
- 6 The expression "Noteholders" as used herein means the persons for the time being and from time to time registered as the holders of the Notes and the beneficiaries of rights relating to the Notes under the deed of covenant in respect of the Programme entered into by DBJ on 20 August 2015 (the "**Deed of Covenant**"). Any reference in this Deed of Guarantee to any obligation or payment under or in respect of the Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 2 of the Deed of Covenant.
- 7 This Deed of Guarantee and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law."

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

1.1 Bearer Notes

If the Global Notes issued are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

1.2 Registered Notes that are Non-guaranteed Notes or Guaranteed Notes offered under Regulation S Only Guaranteed Note Offerings

If the Regulation S Global Certificates issued are stated in the applicable Final Terms to be held under NSS, such Regulation S Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Regulation S Global Certificate with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Regulation S Global Certificates which are not held under NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

Upon the registration of Registered Notes in the name of the Common Depository or its nominee and delivery of the relative Regulation S Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Registered Notes in respect of Regulation S Global Certificates that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Registered Notes in respect of Regulation S Global Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

1.3 Registered Notes that are Guaranteed Notes offered under Rule 144A and Regulation S Guaranteed Note Offerings

Registered Notes that are Guaranteed Notes offered under Rule 144A and Regulation S Guaranteed Note Offerings will be represented by one or more Unrestricted Global Certificate(s) in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S and/or one or more Restricted Global Certificate(s) in the case of Registered Notes sold to QIBs in reliance on Rule 144A, in each case as specified in the relevant Final Terms.

Unrestricted Global Certificates

Unrestricted Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

Upon the registration of Registered Notes in the name of the Common Depository or its nominee and delivery of the relative Unrestricted Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Registered Notes in respect of Unrestricted Global Certificates that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Registered Notes in respect of Unrestricted Global Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Restricted Global Certificates

Each Registered Note represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and each relevant Restricted Global Certificate will be deposited on or about the issue date with the DTC Custodian. Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

Upon the initial deposit of a Restricted Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Restricted Global Certificate to the DTC Custodian, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by DBJ to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against DBJ in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of DBJ will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Eurosystem Eligibility

For Notes intended to be in NGN form, the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and for Notes intended to be held under the NSS, to be registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all

times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Where the Global Notes issued in respect of any Tranche are in NGN form or issued under the NSS structure, the ICSDs will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility.

4 Exchange

4.1 *Temporary Global Notes*

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Overview of the Programme — Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership substantially in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only. For the avoidance of doubt, in relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes on or after the exchange date, such notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

4.2 *Permanent Global Notes*

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided below, in part for Definitive Notes or, in the case of (i) below, Registered Notes:

- (i) if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (ii) (a) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (b) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

4.3 *Regulation S Global Certificates and Unrestricted Global Certificates*

If the applicable Final Terms state that the Notes are to be represented by a Regulation S Global Certificate (in the case of Registered Notes that are Non-guaranteed Notes or Guaranteed Notes offered under Regulation S Only Guaranteed Note Offerings) or Unrestricted Global Certificates (in the case of Guaranteed Notes offered under Rule 144A and Regulation S Guaranteed Note Offerings) upon issue, the following will apply in respect of transfers of Notes held in Euroclear or

Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Regulation S Global Certificate or Unrestricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of DBJ,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4.4 *Restricted Global Certificates*

If the applicable Final Terms state that the Notes are to be represented by a Restricted Global Certificate upon issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within DTC whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC.

Transfers of the holding of Notes represented by any Restricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if DTC notifies DBJ that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended, or if at any time DTC is no longer eligible to act as such, and DBJ is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC; or
- (ii) if principal in respect of any Notes is not paid when due,

provided as set forth below.

Whenever a Restricted Global Certificate is to be exchanged for definitive Certificates, each person having an interest in such Restricted Global Certificate must provide the Registrar (through the relevant clearing system) with such information as DBJ and the Registrar may require to complete and deliver definitive Certificates (including the name and address of each person in which the Notes represented by the definitive Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Certificate is to be exchanged for definitive Certificates, each person having an interest in the Restricted Global Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Definitive Certificates issued in exchange for interests in the Restricted Global Certificate will bear the legends and be subject to the transfer restrictions set out under "Transfer Restrictions".

Whenever a Restricted Global Certificate is to be exchanged for definitive Certificates, DBJ shall procure that definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Restricted Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Restricted Global Certificate to the Registrar of such information as is required to complete and deliver such definitive Certificates against the surrender of the relevant Global Certificate at the specified office of the Registrar.

4.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, DBJ will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or (iii) if the Global Note is an NGN, DBJ will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Permanent Global Note, DBJ will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

4.6 Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

5 Amendment to Conditions

The Temporary Global Notes and Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

5.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules will only be made against presentation of certification as to non-U.S. beneficial ownership substantially in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(a)(ix) will apply to the Definitive Notes only.

If the Global Note is an NGN, DBJ shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge DBJ's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

While the Notes are represented by a Global Note, the definition of "**business day**" in Condition 7(i) shall be amended by deleting the reference to "in the relevant place of presentation".

5.2 Prescription

Claims against DBJ in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

5.3 Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

5.4 Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

5.5 Purchase

Notes represented by a Permanent Global Note or a Global Certificate may only be purchased by DBJ or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

5.6 DBJ's Option

Any option of DBJ provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Certificate shall be exercised by DBJ giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes

drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of DBJ is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (as the case may be).

5.7 *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Certificate may be exercised by the holder of the Permanent Global Note or Global Certificate by giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the Permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, or presenting the Global Certificate to the Registrar, for notation. Where the Global Note is an NGN, DBJ shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

5.8 *NGN Nominal Amount*

Where the Global Note is an NGN, DBJ shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

5.9 *Events of Default*

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against DBJ under the terms of a Deed of Covenant executed as a deed by DBJ on 20 August 2015 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

5.10 *Notices*

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate.

5.11 Record Dates

Each payment in respect of a Registered Note represented by a Regulation S Global Certificate will be made to the person shown as the Holder in the Register at the close of business on the Clearing System Business Day immediately before the due date for such payment, and each payment in respect of a Registered Note represented by an Unrestricted Global Certificate or a Restricted Global Certificate to the person shown as the Holder in the Register at the close of business on the fourth Clearing System Business Day before the due date for such payment (such date being, in each case, the "**Record Date**" under the Conditions for these purposes) where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing Systems or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Bearer Notes

DBJ may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons may be deposited with the Common Depository or Common Safekeeper, as applicable, for Euroclear and/or Clearstream, Luxembourg or an Alternative Clearing System. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

Registered Notes

DBJ may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective systems in respect of the Notes to be represented by a Regulation S Global Certificate (in the case of Registered Notes that are Non-guaranteed Notes or Guaranteed Notes offered under Regulation S Only Guaranteed Note Offerings) or an Unrestricted Global Certificate (in the case of Guaranteed Notes offered under Rule 144A and Regulation S Guaranteed Note Offerings). Each Regulation S Global Certificate and Unrestricted Global Certificate deposited with, and registered in the name of, or in the name of the nominee for, the Common Depository or Common Safekeeper, as applicable, for Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

DBJ, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Restricted Global Certificate, as set out under "Transfer Restrictions". In certain circumstances, as described below in "— Transfer of Interests in Global Notes and Global Certificates", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the DTC Custodian, with whom the Restricted Global Certificate is deposited, and DTC, will electronically record the nominal amount of the Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments through DTC

Payments in U.S. Dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. Dollars in respect of Notes evidenced by Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from DBJ by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participant entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Paying Agent will convert amounts in such currency into U.S. Dollars and deliver such U.S. Dollar amount in same day

funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment that did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Transfer of Interests in Global Notes and Registered Notes Represented by Regulation S Global Certificates

Transfers of interests in Global Notes and Registered Notes represented by Regulation S Global Certificates within Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System will be in accordance with their respective rules and operating procedures. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Registered Notes represented by Regulation S Global Certificates or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or the records of their respective participants relating to such beneficial ownership interests.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfer of Interests in Registered Notes Represented by Restricted Global Certificates and Unrestricted Global Certificates

Transfers of interests in Registered Notes represented by Restricted Global Certificates and Unrestricted Global Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System will be in accordance with their respective rules and operating procedures. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of DTC, Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or any of their respective participants relating to payments made on account of beneficial ownership interests in Registered Notes represented by a Restricted Global Certificate or an Unrestricted Global Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other Alternative Clearing System or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Restricted Global Certificate or an Unrestricted Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate or an Unrestricted Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of a definitive Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "Transfer Restrictions", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Fiscal Agent.

On or after the issue date for any Series, transfers of Registered Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Restricted Global Certificates and Unrestricted Global Certificates will be effected through the Fiscal Agent, the DTC Custodian, the Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The Notes will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Registered Notes represented by Restricted Global Certificates or Unrestricted Global Certificates, see "Subscription and Sale" and "Transfer Restrictions".

Upon the issue of a Restricted Global Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Restricted Global Certificate to the account of DTC participants. Ownership of beneficial interests in such Restricted Global Certificate will be held through participants of DTC, including the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Restricted Global Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised DBJ that it will take any action permitted to be taken by a holder of Registered Notes represented by a Restricted Global Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Restricted Global Certificates for exchange) only at the direction of one or more participants in whose account with DTC interests in such Restricted Global Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Restricted Global Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Restricted Global Certificate for definitive Certificates (which will bear the relevant legends set out in "Transfer Restrictions").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Restricted Global Certificates and Unrestricted Global Certificates among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of DBJ, the Guarantor, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Restricted Global Certificate or an Unrestricted Global Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, definitive Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by DBJ for long-term lending and investments and for working capital.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation and indebtedness of the Group as of 31 March 2015, which has been extracted without material adjustment from DBJ's audited consolidated financial statements as of the same date:

	As of 31 March 2015 <hr/> (millions of yen)
Borrowings:	
Debtures ⁽¹⁾	¥3,220,206
Borrowed Money	8,598,219
Corporate Bonds ⁽²⁾⁽³⁾	1,349,102
Total Borrowings ⁽⁴⁾⁽⁷⁾	13,167,528
Equity:	
Common Stock:	
Authorised — 160,000,000 shares	
Issued and outstanding — 43,632,360 shares ⁽⁵⁾	1,206,953
Capital Surplus ⁽⁶⁾	1,060,466
Retained Earnings	344,728
Unrealised Gain on Available-for-sale Securities	85,865
Deferred Gain on Derivatives under Hedge Accounting	33,311
Foreign Currency Translation Adjustments	1,617
Remeasurements of defined benefit plans	(12)
Minority Interests	14,344
Total Equity ⁽⁵⁾⁽⁶⁾⁽⁷⁾	2,747,274
Total Borrowings and Equity ⁽⁷⁾	¥15,914,802

Notes:

- (1) **"Debtures"** means all bonds and notes which were issued previously by Development Bank of Japan and government-guaranteed bonds which were issued by DBJ after 1 October 2008.
- (2) **"Corporate Bonds"** means non-guaranteed bonds and notes which were issued by DBJ after 1 October 2008.
- (3) DBJ has issued an aggregate principal amount of ¥153,952.6 million of non-guaranteed bonds and notes since 31 March 2015.
- (4) Includes current maturities.
- (5) Pursuant to the supplementary provisions of the 2015 Amendment Act, DBJ has reduced the amount of its common stock by ¥206,529 million and appropriated such amount into the Crisis Response Reserve (as defined in "Development Bank of Japan Inc. — Operations — Crisis Response Business") on 10 August 2015. See "Development Bank of Japan Inc. — Operations — Crisis Response Business". As the Crisis Response Reserve is a component of Equity, the amount of Total Equity was not changed as a result of such reduction and appropriation.
- (6) Pursuant to the supplementary provisions of the 2015 Amendment Act, DBJ has reduced the amount of its capital surplus by ¥65,000 million and appropriated such amount into the Special Investment Reserve (as defined in "Development Bank of Japan Inc. — Operations — Special Investment Operations") on 26 June 2015. See "Development Bank of Japan Inc. — Operations — Special Investment Operations". As the Special Investment Reserve is a component of Equity, the amount of Total Equity was not changed as a result of such reduction and appropriation.
- (7) Other than as described above, there has been no material change in DBJ's capitalisation and indebtedness since 31 March 2015.

DEVELOPMENT BANK OF JAPAN INC.

In this section "Development Bank of Japan Inc.", the term "**DBJ**" refers to Development Bank of Japan Inc., or where appropriate, Development Bank of Japan as the predecessor (the "**Predecessor**") of Development Bank of Japan Inc.

Overview

DBJ was established in Japan on 1 October 2008 as a joint stock corporation under the Company Act of Japan (Act No. 86 of 2005, as amended) (the "**Company Act**") for an indefinite duration, as the successor to Development Bank of Japan. Development Bank of Japan had been established on 1 October 1999 as a governmental financial institution under the Development Bank of Japan Act for an indefinite duration, as a result of a merger between The Japan Development Bank ("**JDB**") and Hokkaido-Tohoku Development Finance Public Corporation ("**HTDF**"), but was dissolved on 1 October 2008 upon the establishment of DBJ.

DBJ's name and basic mission are provided by the DBJ Act. The DBJ Act provides that DBJ's purpose is to maintain the foundations of investment and financing functions of long-term business funds, which previously were carried out by the Predecessor, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, while maintaining the autonomy of management with the goal of realising full-scale privatisation, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

Plans for the full privatisation of DBJ has recently been postponed. See "Privatisation of DBJ".

Under the DBJ Act, the activities of DBJ include providing loans and guarantees to, and making equity investments in, projects and entities in need of long term business funds. Consistently with the DBJ Act, DBJ considers whether or not to provide long-term financing and related services to a qualified project or entity in need of long term business funds which meets relevant criteria, including financial viability.

DBJ raises funds mainly by borrowing from the Japanese Government and private financial institutions, and also issuing both Japanese-Government guaranteed bonds and non-guaranteed bonds. DBJ raised funds by borrowing from JFC in relation to crisis response business.

The Japanese Government currently owns all issued shares of DBJ's common stock. Under the DBJ Act, DBJ is subject to the Japanese Government control and supervision primarily through the Minister of Finance. Such supervision encompasses key matters such as appointment and retention of representative directors, adoption of annual business plan, adoption of annual basic policy regarding issuance of bonds and Development Bank of Japan Inc. bonds and borrowings, adoption of annual debt repayment plans, ownership of subsidiaries involved in the financial business (such as banks) and amendment of DBJ's articles of incorporation. Such key matters are subject to prior approval by the Minister of Finance.

History

Pursuant to the Development Bank of Japan Act, JDB and HTDF were dissolved upon the establishment of Development Bank of Japan on 1 October 1999. Also pursuant to the Development Bank of Japan Act, all of the rights and obligations of JDB and HTDF were assigned to and assumed by Development Bank of Japan. In addition to the operations of JDB (established in 1951 as a governmental financial institution principally to make loans for the development of industry, the economy and society in general) and HTDF (established in 1956 as a governmental financial institution principally to provide long-term funds to projects in the Hokkaido and Tohoku regions in Japan to promote industrial development in those regions), on 1 October 1999, Development Bank of Japan also assumed the finance functions formerly conducted by the Japan Regional Development Corporation and the Japan Environment Corporation, both governmental institutions.

In December 2005, the first steps towards Development Bank of Japan's privatisation were taken with the Cabinet adopting its "Basic Policy on the Reform of Policy Finance" (the "**Basic Policy**"). In May 2006, Regulatory Reform Act, which provides for the full privatisation of DBJ over a period of five to seven years, was approved by the Japanese Diet while in June 2006, the Institutional Design for Policy Finance Reform (the "**Institutional Design**") was adopted by the Headquarters for the Implementation of Policy Finance Reform. The DBJ Act was passed by the Diet on 6 June 2007 and came into effect on 13 June 2007,

and DBJ was established on 1 October 2008, and succeeded to substantially all the assets, and assumed all of the obligations of, Development Bank of Japan pursuant to the DBJ Act. Also pursuant to the DBJ Act, Development Bank of Japan was dissolved effective 1 October 2008 upon the establishment of DBJ. However, under the 2009 Amendment Act, the targeted timing for the full privatisation of DBJ was extended to approximately five to seven years from 1 April 2012. The targeted timing was further extended to approximately five to seven years from 1 April 2015 in accordance with the Act for Extraordinary Expenditure and Assistance to Cope with the Great East Japan Earthquake of Japan (Act No. 40 of 2011, as amended) (the "**Extraordinary Expenditure Act**"). Further, the 2009 Amendment Act provided that the Japanese Government is to review the organisation of DBJ, including the Japanese Government's holding of DBJ's share capital, by the end of the fiscal year ending 31 March 2012, which was extended to the end of the fiscal year ending 31 March 2015 by the Extraordinary Expenditure Act, and until such time, the Japanese Government will not be disposing of its holding of DBJ's share capital. Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ has been deleted, and instead provides that the Japanese Government shall dispose of all such share capital as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. Further, the 2015 Amendment Act also contains provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Business by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations (DBJ shall seek to complete this by 31 March 2026). See "Privatisation of DBJ".

Strategy

DBJ aims to meet the expectations and the trust of a wide range of stakeholders as a unique financial institution that provides financial services that integrates investment with lending.

With a view to contributing to the continued growth of Japan, a "developed country facing new issues", DBJ intends, through (i) providing good quality risk money, and (ii) creating and offering unique know-how, to form a smooth market together with a variety of financial market players and to tackle and solve various issues such as development of new business frontiers and urban development that supports an ageing society, taking a long-term view of issues faced by Japan.

As part of these efforts, DBJ has formulated its third medium-term management plan covering the three years ending 31 March 2017 (the "**Management Plan**"). DBJ intends to persist in pursuing the Management Plan with a view to meeting the targets set therein, centred on the following "principal initiatives".

Principal Initiatives

DBJ has set the following four "principal initiatives" under its Management Plan:

Growth support

To strengthen Japan's competitiveness in the global market, DBJ will put to work a full line-up of financial tools-including mezzanine finance, investments, consulting services and other "knowledge products" in support of its clients' initiatives. Whether these involve effective use of exploitable operating resources, business creation, corporate restructuring, mergers and acquisitions or the challenges of globalisation, DBJ will utilise available resources to help them succeed.

DBJ will also support growth fields that will play key roles in Japan's development as a sustainable society, such as environmental business, health care, and opportunities for women.

Infrastructure & energy

With unequalled experience in financing infrastructure in Japan, DBJ will support initiatives to improve the safety of the nation's transportation networks and enhance its livability in anticipation of the 2020 Olympic Games in Tokyo. Public-private partnerships (PPP) and private finance initiatives (PFI) will be used in the renewal of aging public infrastructure.

The March 2011 earthquake left Japan with serious energy issues. Drawing on its knowledge of circumstances and its powerful research capacity at home and abroad, as well as its neutral position, DBJ will seek comprehensive solutions by offering finance in a variety of forms, including long-term capital,

mezzanine finance, and investments, as well as coordinating projects for the restructuring of the energy system.

Regional revitalisation tailored to regional needs

Regional firms make up approximately half of DBJ's clients. To ensure that regional revitalisation is both sustainable and suited to regional conditions, DBJ works with regional clients and banks in supporting innovative business development, community-building, infrastructure renewal, and other initiatives by which firms create vigorous and healthy communities.

Strengthening the safety net

DBJ will respond quickly and effectively to crises, whether natural or financial. It will conduct both government-mandated crisis response operations and its independent initiatives based on information, expertise and evaluation skills developed through day-to-day business. To help make Japan more resilient at times of crisis, DBJ will expand its Enterprise Disaster Resilience Rated Loan Programme, which promotes improved capacity for disaster preparedness and business continuity.

Related Functions

DBJ will perform the following three functions in connection with the Principal Initiatives.

Risk-sharing with banks and other organisations

Diverse firms have complex financial needs. DBJ meets these needs and helps to activate the flow of funds by supplying high-risk capital through long-term, large-volume, mezzanine finance in partnership with banks and other organisations.

Opportunities for fund management by investors

How to utilise inactive funds is an important issue for the Japanese financial market today. DBJ arranges excellent opportunities for managing this capital through means including syndicated loans and asset management. Working with regional banks, pension funds and other entities, DBJ shares fund management opportunities to contribute to stimulate the financial market.

Knowledge extending beyond the financial sphere

Solving Japan's economic problems requires uncovering and putting to effective use the strengths lying latent within companies and communities. DBJ will provide the "knowledge services" needed to make this happen. Utilising its impartial networks and industrial research skills, DBJ will work on creating new business concepts and, using high-quality knowledge provided from a long-term perspective, help to identify and resolve social, regional, and customer issues.

Operations

The DBJ Act provides that DBJ's purpose is to maintain the foundations of investment and financing functions of long-term business funds, which previously were carried out by the Predecessor, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, while maintaining the autonomy of management with the goal of realising full-scale privatisation, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

Under its articles of incorporation, DBJ may, among other things, accept deposits, lend money, make capital contributions, guarantee the due performance of debts and obligations, sell and purchase securities, lend securities and acquire or transfer monetary claims.

DBJ is principally involved in the lending, investment, consulting and advisory businesses. In its lending business, DBJ provides not only traditional senior loans to corporations, but also provides lending which utilise financial expertise such as structured finance and non-recourse loans, which meet the diversifying funding requirements of customers. In the year ended 31 March 2015, the level of new lending (including lending related to its crisis response business and investments in corporate bonds) made by DBJ amounted to ¥2,262.7 billion on a non-consolidated basis. As of 31 March 2015, the outstanding balance of

DBJ's loans (including investments in corporate bonds) on a non-consolidated basis amounted to ¥14,083.6 billion.

In its investment business, DBJ provides risk capital (including by investments through funds, mezzanine and equity finance) appropriate for the challenges faced by its customers such as business expansion, growth strategy and strengthening of financial base, based on a long-term perspective. In the year ended 31 March 2015, the level of new investments made by DBJ amounted to ¥281.4 billion on a non-consolidated basis. As of 31 March 2015, the outstanding balance of DBJ's investments (including investments in securities, money trusts and funds) on a non-consolidated basis amounted to ¥751.8 billion.

In its consulting and advisory business, DBJ utilises the networks cultivated by Development Bank of Japan in providing consulting and advisory support to customers in a wide variety of industries and business sizes, for example in relation to increasing their competitiveness, as well as to projects which contribute to the revitalisation of regional economies.

The following table sets forth, as of the dates indicated, the total amounts of outstanding loans made by DBJ by industry of the borrowers, prepared on a consolidated basis in accordance with Japanese GAAP and Japan Standard Industry Classification:

	As of 31 March	
	2014	2015
	(in millions of yen)	
Domestic offices⁽²⁾ (excluding Japan offshore banking accounts)		
Manufacturing	¥3,147,208	¥2,869,995
Agriculture and forestry.....	994	1,013
Fisheries.....	500	500
Mining and quarrying of stone and gravel.....	67,593	70,202
Construction.....	43,081	41,753
Electricity, gas, heat supply and water.....	3,141,524	3,135,338
Information and communications	485,824	421,658
Transport and postal activities	2,597,710	2,467,199
Wholesale and retail trade	1,032,670	969,739
Finance and insurance.....	593,732	571,098
Real estate and goods rental and leasing.....	2,271,691	2,294,801
Services, n.e.c. ⁽³⁾	373,675	331,292
Local public bodies.....	15,178	16,304
Others	5,146	—
Subtotal (domestic offices).....	<u>¥13,776,531</u>	<u>¥13,190,896</u>
Overseas offices⁽⁴⁾ and offshore banking accounts		
Governments.....	—	—
Financial institutions.....	—	—
Others	61,878	70,446
Subtotal (overseas offices).....	<u>¥61,878</u>	<u>¥70,446</u>
Total.....	<u><u>¥13,838,410</u></u>	<u><u>¥13,261,343</u></u>

Notes:

- (1) Classification of loans by industry is based on the "Japan Standard Industrial Classification" defined by the Ministry of Internal Affairs and Communications applicable as of the relevant dates.
- (2) "Domestic offices" means DBJ and its domestic consolidated subsidiaries.
- (3) "n.e.c." stands for "not elsewhere classified".
- (4) "Overseas offices" means DBJ's overseas consolidated subsidiaries. Note, DBJ does not have an overseas branch.

In addition, as of 31 March 2014 and 31 March 2015, DBJ's guarantee obligations on a non-consolidated basis amounted to ¥107,174 million and ¥167,482 million, respectively.

Allowance for Loan Losses

DBJ makes allowances for loan losses on the following bases:

- The allowance for claims on debtors who are legally bankrupt, in special liquidation or effectively bankrupt is provided for based on the amount of claims, after write-off, net of amounts expected to be collected through disposal of collateral or execution of guarantees.
- The allowance for claims on debtors who are not legally bankrupt at the moment, but likely to become bankrupt for which future cash flows cannot reasonably be estimated is provided for the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be collected through disposal of collateral or execution of guarantees.
- With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the allowance is provided for as the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims.
- The allowance for claims on debtors other than those described above is provided for based on the historical default rate, which is calculated based on the actual defaults over a certain historical period (the average financing period for DBJ).

All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent from the investment and lending departments, based on internal policies for self-assessment of credit quality. The allowance is provided based on the results of the self-assessment.

As of 31 March 2014 and 2015, DBJ's consolidated allowance for loan losses totalled ¥112,997 million and ¥84,717 million, respectively.

Non-performing Loans

In cases where borrowers are unable to meet payments on their loans, DBJ may revise the terms of repayment in cooperation with other lenders.

DBJ has introduced self-assessment standards ("*jiko satei kijun*") to assess the credit quality of its assets in accordance with the Financial Inspection Manual of the Financial Services Agency and discloses its non-performing loans calculated under the Banking Act, as well as the Act of the Emergency Measures for the Revitalisation of the Functions of the Financial System of Japan (Act No. 132 of 1998, as amended) (the "**Financial Revitalisation Act**") although DBJ is not subject to the Banking Act nor the Financial Revitalisation Act. For example, where loans to bankrupt or essentially bankrupt borrowers are covered by collateral or guarantees, the loan amount is directly reduced by deducting the amount of the loan that is not deemed to be covered by the assessed value of the collateral and/or the amounts deemed to be recoverable through guarantees, from the amount of the loan.

DBJ assesses its loans in accordance with disclosure requirements which are based, in all material respects, on those set forth in the Banking Act. The following table sets forth the principal amount of non-performing loans of DBJ outstanding as of the dates indicated, calculated pursuant to the Banking Act disclosure requirements, which are set forth in the notes to the table. The amounts listed in the table below reflect the amounts in DBJ's consolidated financial statements prepared pursuant to Japanese GAAP.

	As of 31 March	
	2014	2015
	(in millions of yen/per cent.)	
Loans to bankrupt debtors ⁽²⁾	¥2,710	¥—
Delinquent loans ⁽³⁾	95,269	80,537
Loans past due three months or more ⁽⁴⁾	—	—
Restructured loans ⁽⁵⁾	39,362	21,741
Total non-performing loans.....	<u>¥137,343</u>	<u>¥102,278</u>
Percentage against the total loans outstanding.....	0.99%	0.77%

Notes:

- (1) The amounts of loans indicated above are stated as gross amounts, before reduction of allowance for loan losses.
- (2) "Loans to bankrupt debtors" represent non-accrual loans to debtors who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation.
- (3) "Delinquent loans" represent non-accrual loans other than (i) Loans to bankrupt debtors and (ii) Loans whose interest payments are deferred in order to assist or facilitate the restructuring efforts of borrowers in financial difficulty.
- (4) "Loans past due three months or more" are loans whose principal or interest payment is three months or more past due and do not fall under the category of "Loans to bankrupt debtors" or "Delinquent loans".
- (5) "Restructured loans" are loans whose repayment terms have been modified to the advantage of debtors through means such as reduction or exemption of interest rates, postponement of principal and interest payments, and forgiveness of loans to support or restructure the debtors' businesses, and do not fall under the category of "Loans to bankrupt debtors", "Delinquent loans", or "Loans past due three months or more".

In addition, DBJ voluntarily assesses its loans in accordance with disclosure requirements which are based, in all material respects, on those set forth in the Financial Revitalisation Act in accordance with which the Japanese commercial banks generally disclose information in relation to their loans. The following table sets forth non-performing loans of DBJ outstanding as of the dates indicated, calculated pursuant to the Financial Revitalisation Act disclosure requirements, which are set forth in the notes to the table. The amounts listed in the table below reflect the amounts in DBJ's non-consolidated financial statements prepared pursuant to Japanese GAAP.

	As of 31 March	
	2014	2015
	(in millions of yen/per cent.)	
Loans to borrowers in bankruptcy or quasi-bankruptcy ⁽³⁾	¥4,648	¥503
Loans to borrowers with imminent bankruptcy ⁽⁴⁾	92,784	79,328
Loans requiring special attention for recovery ⁽⁵⁾	39,362	21,741
Subtotal	<u>¥136,796</u>	<u>¥101,573</u>
Percentage against the total loans outstanding.....	0.97%	0.75%
Normal loans ⁽⁶⁾	<u>¥13,967,514</u>	<u>¥13,504,663</u>
Total loans outstanding	<u>¥14,104,310</u>	<u>¥13,606,235</u>

Notes:

- (1) The amounts in the above table are rounded to the nearest 1 million yen.
- (2) The figures in the above table reflect partial direct write-offs.
- (3) Loans to financially failed borrowers, who are subject to bankruptcy, corporate reorganisation or other similar proceedings, as well as loans similar thereto.
- (4) Loans to borrowers who have not financially failed, but the financial condition and operating results have deteriorated and are likely to default on contractually mandated payment of principal and/or interest.
- (5) Comprised of (i) loans for which principal and/or interest payments are three months or more past due (excluding loans that are included in "Loans to borrowers in bankruptcy or quasi-bankruptcy" and "Loans entailing risk"), and (ii) restructured loans the terms of which have been modified by DBJ to grant concessions to borrowers in financial difficulties in order to assist such borrowers' restructuring and to expedite collection of such loans (excluding loans that are included in "Loans to borrowers in bankruptcy or quasi-bankruptcy", "Loans entailing risk" and "Loans for which principal and/or interest payments are three months or more past due").
- (6) Other than those set forth in (3), (4) and (5) above, loans to borrowers whose financial condition and operating results are deemed to have no material defects.

The following table breaks down DBJ's outstanding non-performing loans by industry calculated and disclosed under the Banking Act. The amounts listed in the table below reflect the amounts in DBJ's consolidated financial statements prepared pursuant to Japanese GAAP.

	As of 31 March	
	2014	2015
	(in 100 millions of yen)	
Manufacturing	¥243	¥256
Agriculture and forestry.....	—	—
Fisheries.....	—	—
Mining and quarrying of stone and gravel.....	1	0
Construction.....	27	—
Electricity, gas, heat supply and water.....	3	2

	As of 31 March	
	2014	2015
	(in 100 millions of yen)	
Information and communications	9	2
Transport and postal activities	204	145
Wholesale and retail trade	138	152
Finance and insurance.....	17	30
Real estate and goods rental and leasing.....	498	293
Services, n.e.c. ⁽²⁾	228	138
Local public bodies.....	—	—
Others	—	—
Total	¥1,373	¥1,022

Notes:

- (1) Classification of non-performing loans by industry is based on the "Japan Standard Industrial Classification" defined by the Ministry of Internal Affairs and Communications applicable as of the relevant dates.
- (2) "n.e.c." stands for "not elsewhere classified".

Third-Sector Corporations

DBJ invests in and finances projects of public use and interest run by local government organisations referred to as "third sector corporations". Though there is no clear definition of this term, DBJ uses it to refer to corporations in which local government organisations have invested or subscribed for shares, whose securities are not listed on any securities exchange or quoted in any over-the-counter market, that carry out projects with significant civic importance and public benefits. DBJ finances projects such as those involving railways, airport terminals, cable television broadcasters and urban development, including underground parking lots, urban redevelopment and international conference halls. Because these projects tend to require a long period of time for investments to generate returns, they do not easily attract private corporation participants.

The ratio of non-performing loans in the third-sector is relatively high compared to DBJ's loan operations in general due to the fact that in general the third-sector businesses have a highly public nature and require a long period of time to recoup investments. In addition, there has been some decrease in revenue performance resulting from economic stagnation. DBJ makes efforts to maintain its primary policy of conducting its third-sector loan operations in collaboration with related parties, including local public authorities.

The following table shows more detailed information of DBJ's non-performing loans to third-sector corporations. The amounts listed in the table below reflect the amounts in DBJ's consolidated financial statements prepared pursuant to Japanese GAAP:

	As of 31 March	
	2014	2015
	(in 100 millions of yen/per cent.)	
Loans to bankrupt debtors	¥—	¥—
Delinquent loans	93	75
Loans past due three months or more	—	—
Restructured loans	252	143
Total (A)	¥345	¥219
Outstanding loans to the third-sector (B).....	¥3,701	¥3,327
Ratio of outstanding loans = (A)/(B)	9.34%	6.59%

Credit Related Costs (Gains)

The following table sets forth certain information of DBJ's credit related costs or gains. The amounts listed in the table below reflect the amounts in DBJ's consolidated financial statements prepared pursuant to Japanese GAAP:

	For the year ended 31 March	
	2014	2015
	(in 100 millions of yen)	
Amount transferred to (from) the general allowance for loan losses...	¥(83)	¥(125)
Amount transferred to the specific allowance for loan losses.....	(178)	(130)
Subtotal.....	(261)	(256)
Write-off of loans	3	3
Losses (gains) from disposals of loans	(0)	—
Amount transferred to the allowance for contingent losses	(1)	0
Subtotal	(259)	(253)
Repayment of loans written off	(46)	(30)
Total sum of credit related costs	¥(306)	¥(282)

Crisis Response Business

The policy finance reforms promulgated by the Japanese Government under the Basic Policy establishes a crisis response system that enables financial institutions which are recognised as "designated financial institutions" to deal with financing for any damage caused by domestic or international turmoil in the financial system, massive natural disasters, acts of terrorism or epidemic of infectious diseases in a prompt and smooth manner by utilising loans from JFC.

Upon its establishment, DBJ was designated as a "designated financial institution" which deals with the Crisis Response Business. Under the Japan Finance Corporation Act (Act No. 57 of 2007), the Crisis Response Business may be conducted by designated financial institutions, with JFC providing funds and support in respect of certain of the risks involved in such business.

On 11 December 2008, the Japanese Government declared that the international financial turmoil being experienced amounted to a crisis which should be dealt with under the crisis response system, and DBJ commenced its Crisis Response Business in relation to such international financial turmoil (the "**Financial Crisis Response Business**"). Whereas the Financial Crisis Response Business had come to an end as of 31 March 2011, the Japanese Government certified the March 2011 earthquake as a crisis and DBJ commenced the Crisis Response Business relating to the March 2011 earthquake on 12 March 2011. The Crisis Response Business conducted by DBJ targets large and medium-sized enterprises which are temporarily experiencing worsening business performance and funding difficulties due to the relevant crisis, but in the medium to long term are expected to recover their previous levels of business performance and develop further, or are otherwise expected to improve their funding and stabilise their business performance.

Under the Crisis Response Business, JFC (funded by FILP loans from the Japanese Government and through issuance of government-guaranteed debt) provides short-term and long-term loans to designated financial institutions such as DBJ, which in turn either purchases commercial paper issued by the relevant large and medium-sized enterprises, or provides loans to such enterprises. Certain of the exposure to such enterprises by designated financial institutions are covered (in the case of the occurrence of certain specified credit events) by an indemnity from JFC, for which designated financial institutions must pay a fee to JFC. From the commencement of its Crisis Response Business to 31 March 2015, new loans extended by DBJ in respect of its Crisis Response Business amounted to ¥5,500.7 billion (1,129 borrowers) (DBJ having received the benefit of an indemnity from JFC (or was intending to apply for such indemnity) in respect of ¥268.3 billion (47 cases)), and commercial paper purchased by DBJ in relation to its Crisis Response Business amounted to ¥361.0 billion (68 issuers). As of 31 March 2015, the outstanding borrowing from JFC amounted to ¥3,286.5 billion in relation to the Crisis Response Business.

From the commencement of the Crisis Response Business relating to the March 2011 earthquake on 12 March 2011 to 31 July 2015, new loans extended by DBJ in respect of such March 2011 earthquake-related Crisis Response Business amounted to ¥2,110.0 billion (166 borrowers) (DBJ having received the benefit of an indemnity from JFC (or was intending to apply for such indemnity) in respect of ¥1.9 billion (7 cases)).

In April 2009, the Japanese Government announced that an aggregate of ¥15 trillion will be used towards the Financial Crisis Response Business relating to medium-sized and large businesses. The

supplementary national budget incorporating such amount was passed by the Japanese Diet in May 2009, and the 2009 Amendment Act passed in June 2009 provided for the strengthening of DBJ's financial base in order to enable the smooth operation of the Financial Crisis Response Business by DBJ. Pursuant thereto, DBJ's capital was increased by ¥103,232 million (2,064,640 shares of DBJ's common stock, issued by way of third party allotment to the Japanese Government) in September 2009, and by ¥77,962 million (1,559,240 shares of DBJ's common stock, issued by way of third party allotment to the Japanese Government) in March 2010. On 2 May 2011, the Japanese Diet passed the Extraordinary Expenditure Act which enables the Japanese Government to inject additional capital up until the end of March 2015 so that DBJ can smoothly implement the Crisis Response Business, including in relation to such business related to the March 2011 earthquake. In accordance therewith, DBJ has increased its capital by ¥6,170 million, ¥424 million, ¥10,528 million and ¥8,637 million on 7 December 2011, 23 March 2012, 6 June 2012 and 6 December 2012, respectively.

The 2015 Amendment Act introduced provisions relating to the conduct of DBJ's Crisis Response Business. Such provisions include the following:

- the imposition of obligations on DBJ to conduct Crisis Response Business for an indefinite period, in order to secure a smooth supply of funds to those who need funds to address the damages set forth in Article 2, Item (4) of the Japan Finance Corporation Act (Act No. 57 of 2007, as amended), namely, disruptions to domestic or international financial order or damages caused by large-scale natural disasters, acts of terrorism and medical epidemics, among others; and
- the imposition of obligations on DBJ to set out its implementation policy relating to the Crisis Response Business in its annual business plan (the "**Business Plan**"), which requires the authorisation of the Minister of Finance, and to report on the status of implementation of such policy in its business report (the "**Business Report**") submitted to the Minister of Finance, as well as to set forth provisions relating to the proper implementation of such Crisis Response Business in its Articles of Incorporation.

Pursuant to the 2015 Amendment Act, the Japanese Government shall, for an indefinite period, hold more than one-third of the total number of issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Business by DBJ. Further, the Japanese Government may, for an indefinite period, make capital contributions to DBJ, to the extent of the amount approved by the budget, whenever it deems necessary for the proper implementation of the Crisis Response Business by DBJ. DBJ must establish a "crisis response reserve" (the "**Crisis Response Reserve**") and appropriate such capital contribution into such reserve. Pursuant to the supplementary provisions of the 2015 Amendment Act, DBJ must, promptly after the enactment of the 2015 Amendment Act, reduce its capital in the aggregate amount of (i) the capital so far contributed to DBJ by the Japanese Government in respect of its Crisis Response Business, and (ii) the Government Bonds which had been delivered to DBJ by the Japanese Government in respect of its Crisis Response Business and which had been redeemed, and appropriate such aggregate amount into the Crisis Response Reserve. In accordance with such provisions, DBJ has reduced its common stock by ¥206,529 million and appropriated such amount into the Crisis Response Reserve on 10 August 2015. If it is deemed that the financial basis necessary for proper implementation of the Crisis Response Business has been sufficiently secured, DBJ shall pay to the national treasury an amount equivalent to all or a part of the amount of the Crisis Response Reserve, and in such case, DBJ shall reduce the Crisis Response Reserve by the amount equivalent to such amount to be paid to the national treasury.

Special Investment Operations

The 2015 Amendment Act has introduced provisions relating to the special investment operations to be conducted by DBJ (the "**Special Investment Operations**"). The Special Investment Operations includes, among the Investment Businesses (as defined below) in the Special Business Activities (as defined below), those that are deemed to particularly contribute to the facilitation of supply of funds by financial institutions and others, for the revitalisation of business activities taking advantage of regional characteristics that contribute to the autonomous development of local economies, or for the enhancement of competitiveness of Japanese companies that contribute to the improvement of socioeconomic vitality and sustainable development of Japan. The purpose of DBJ in conducting its Special Investment Operations shall be to supplement or encourage financing conducted by financial institutions and investment conducted by private sector.

"Special Business Activities" means (i) business activities conducted by Japanese business entities with the aim of improving productivity and profitability by cultivating new business through effective use of its management resources which have not been sufficiently used, or by promoting management innovation mainly through co-ordinated alignment with business entities in different fields and effective combination of management resources, and (ii) business activities that provide funds to the business activities set out in (i).

"Investment Business" means the following businesses involving the supply of funds:

- lending money through subordinated loans;
- making capital contributions;
- acquiring subordinated corporate debentures; and
- provision of funds in any other manner approved in advance by the Minister of Finance.

DBJ must set out its implementation policy relating to the Special Investment Operations in its Business Plan until the completion of the Special Investment Operations, and to report on the status of implementation of such policy in its Business Report until the fiscal year including the Special Investment Operations are concluded, and must set forth provisions relating to the proper implementation of such Special Investment Operations in its Articles of Incorporation until the completion of the Special Investment Operations. It must also set rules regarding the implementation of its Special Investment Operations and obtain authorisation thereof from the Minister of Finance (the date of the giving of such authorisation being the **"Authorisation Date"**), and the business entities that will receive funds pursuant to the Special Investment Operations shall be decided by DBJ during the period from the Authorisation Date to 31 March 2021. Further, DBJ shall, taking into account (among others) the economic conditions and the state of business of entities that receive funds from its Special Investment Operations, seek to transfer or otherwise dispose of all of the securities and receivables held by it in its Special Investment Operations, and seek to complete the Special Investment Operations by 31 March 2026.

Pursuant to the 2015 Amendment Act, the Japanese Government shall hold one-half or more of the total number of issued shares of DBJ until DBJ completes its Special Investment Operations with a view to ensuring a proper implementation of the Special Investment Operations by DBJ. Further, the Japanese Government may, until 31 March 2021, make capital contributions to DBJ, to the extent of the amount approved by the budget, whenever it deems necessary for the proper implementation of the Special Investment Operations by DBJ. DBJ must not appropriate money provided by such capital contributions to any funds other than funds for the Special Investment Operations, and must establish a "special investment reserve" (the **"Special Investment Reserve"**) and appropriate such capital contribution into such reserve. DBJ must also establish a "special investment surplus fund" (the **"Special Investment Surplus Fund"**) and record the amount of profit or loss resulting from the calculation of profits and losses pertaining to the Special Investment Operations for each fiscal year. Pursuant to the supplementary provisions of the 2015 Amendment Act, DBJ may reduce the amount of its paid-in capital, reserves or surplus funds and increase the amount in the Special Investment Reserve by such amount, whenever it deems necessary in order to implement its Special Investment Operations properly. In accordance with such provisions, DBJ has reduced its capital surplus by ¥65,000 million and appropriated such amount into the Special Investment Reserve on 26 June 2015. If it is deemed unnecessary to maintain the current level of the Special Investment Reserve or the Special Investment Surplus Fund (insofar as it exceeds zero) for the proper implementation of the Special Investment Operations, taking into account of the state of implementation and the financial condition of the Special Investment Operations, DBJ may reduce the amount of the Special Investment Reserve in whole or in part, and in such case, shall pay to the national treasury a proportion of such amount, such proportion being the proportion of the amount of the capital contribution made by the Japanese Government in respect of the Special Investment Operations to the amount of the Special Investment Reserve.

Certification and Distinctive Programmes Offered by DBJ

DBJ Environmentally Rated Loan Program

Beginning with the antipollution measures implemented in the late 1960s and early 1970s, DBJ has provided more than ¥3 trillion in investments and loans for environmental measures over the past 40 years.

In the fiscal year ended 31 March 2005, DBJ began its DBJ Environmentally Rated Loan Program. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. In the fiscal year ended 31 March 2008, DBJ launched an interest rate subsidy programme based on environmental ratings to advance global warming countermeasures.

DBJ Enterprise Disaster Resilience Rated Loan Program

From the standpoint of business continuity, DBJ assists clients' total enterprise risk management efforts and provides new financing methods to assist disaster recovery, including recovery finance and alternative risk transfer finance.

In the fiscal year ended 31 March 2007, the Group introduced its "Financing Employing DBJ Disaster Preparedness Ratings", which evaluates companies and selects those engaged in high-level initiatives and anti-disaster and business continuity measures and provides them with preferential interest rate financing as a reward for their excellent disaster preparedness.

DBJ revised its financing menus substantially in 2011 as a result of the March 2011 earthquake. Enterprise business continuity activities are assessed comprehensively, including resilient strategies and systems for recovering in the event a crisis materialises. In 2012, DBJ changed the name of these ratings to the "DBJ Enterprise Disaster Resilience Rated Loan Program".

DBJ will promote enterprise risk management and business continuity through the DBJ Enterprise Disaster Resilience Rated Loan Program.

DBJ Employee's Health Management Rated Loan Program

In April 2008, the Ministry of Health, Labor and Welfare in Japan introduced a special health check-up system, and the Japanese Diet is discussing making it mandatory for businesses to provide mental health checks. This is one example of the growing importance being placed on maintaining the health of corporate employees. As Japan's working population is expected to shrink, achieving higher levels of human productivity has become an issue of growing importance.

With these social conditions as a backdrop, the DBJ Employee's Health Management Rated Loan Program aims to popularise and promote the concept of health management. DBJ has developed an evaluation system to assess companies and select those that are superior in terms of their consideration for employee health and offer them financing terms in line with their assessment levels. DBJ has used a specialised method for introducing an "employee's health management rating" to its financing menu.

DBJ Green Building Certification

Applying the expertise and networks accumulated over many years of real estate financing, the DBJ Environmentally Rated Loan Program and expertise in other environment related areas, DBJ inaugurated its "DBJ Green Building Certification" in the fiscal year ended 31 March 2012. This certification programme provides investment and loan support for real estate development, refurbishment and other activities of clients that own or manage real estate that evinces environmental and societal considerations (green buildings). The certification also benefits DBJ's clients in aspects such as investor relations (IR), public relations (PR) and corporate social responsibility (CSR). In addition, in August 2012 DBJ introduced a logistics edition of DBJ Green Building Certification for distribution facilities.

DBJ Visionary Hospital Program

In recent years, hospitals have been the source of increasing attention for the role they play as bases for safety and security in regional societies. In May 2012, DBJ introduced its "DBJ Visionary Hospital Program" to support the advancement of medical functions, as well as to encourage proactive environmental consciousness, disaster prevention and business continuity measures. For institutions that have had their hospital functions certified by the Japan Council for Quality Health Care, DBJ uses the environmental assessment and business continuity management (BCM) evaluation system it has developed to certify hospitals as DBJ Visionary Hospitals (namely, those that have in place superior environmental consciousness, disaster prevention and business continuity measures), offering them a financing menu with financing terms set according to their assessments. Through this measure, DBJ supports hospitals' efforts to continue providing good healthcare in regional societies.

Sources of Funds (on a Non-consolidated Basis)

DBJ's sources of funds consist of its capital, borrowings from the government and private financial institutions, issuance of bonds and internally generated funds such as loan recoveries. Furthermore, DBJ raises funds by borrowings from JFC in relation to the Crisis Response Business.

Pursuant to the DBJ Act, the basic policy which sets the upper limit of the aggregate amount of debt securities to be issued and long-term borrowings to be made shall be authorised by the Minister of Finance prior to the beginning of each fiscal year. The following table sets forth the outstanding amount of DBJ's borrowings and bonds as of the dates indicated:

	As of 31 March	
	2014	2015
	(in 100 millions of yen)	
Long-term borrowings from the Government.....	¥42,136	¥40,664
Domestic government-guaranteed bonds.....	13,530	15,030
Overseas government-guaranteed bonds	12,940	13,878
Subtotal	68,607	69,572
Non-guaranteed bonds issued prior to 1 October 2008.....	4,420	3,320
Non-guaranteed bonds issued on or after 1 October 2008.....	11,442	13,417
Long-term borrowings from other than the Government ⁽¹⁾	49,361	44,996
Trust money	5	1
Total.....	¥133,837	¥131,307

Note:

- (1) Of this, long-term borrowings from JFC amounted to ¥37,648 hundred million as of 31 March 2014 and ¥32,865 hundred million as of 31 March 2015.

The following table sets forth funds raised or expected to be raised by DBJ for the periods indicated. The figures for the year ended 31 March 2015 are actual figures, while those in respect of the year ending 31 March 2016 are budgeted numbers.

	For the year ended 31 March 2015 (Actual)	For the year ending 31 March 2016 (Budget)⁽¹⁾
		(in 100 millions of yen)
Long-term borrowings from the Government.....	¥3,000	¥3,000
Domestic government-guaranteed bonds.....	2,000	2,000
Overseas government-guaranteed bonds	1,616	1,500
Subtotal	6,616	6,500
Non-guaranteed bonds issued on or after 1 October 2008.....	3,748	4,000
Long-term borrowings from other than the Government.....	3,777 ⁽²⁾	2,600
Other	11,299	9,200
Total.....	¥25,442	¥22,300

Notes:

- (1) This represents the initial budget at the commencement of the financial year and the first supplementary budget, and does not include any amount budgeted in respect of the Crisis Response Business.
- (2) Of this, long-term borrowings from JFC in relation to DBJ's Crisis Response Business amounted to ¥1,130 hundred million.

Capital Adequacy

Based on amended rules with respect to minimum capital requirements by The Bank for International Settlements, new guidelines for capital adequacy were introduced in Japan by the Japanese Ministry of Finance and the Japanese Financial Services Agency from 31 March 2013 (referred to as "Basel III" guidelines). Such guidelines apply to financial institutions that handle deposits, including banks, credit

associations, credit cooperatives and other institutions, and although DBJ is not directly subject to these requirements, it has elected to comply, with a view to enhancing risk management.

DBJ calculates its capital adequacy ratios using the international standards pursuant to Basel III guidelines. Set forth below is a schedule of risk-adjusted assets and details of qualifying capital of DBJ determined on a consolidated basis (as measured pursuant to the Basel III guidelines (international standards)) as of the dates indicated:

	As of 31 March	
	2014	2015
	(in 100 millions of yen/per cent.)	
Tier I capital:		
Common equity Tier 1 capital	¥25,271	¥26,239
Additional Tier 1 capital	71	113
Tier I capital	25,342	26,352
Tier II capital	812	826
Total qualifying capital (D) ((A) + (B) – (C))	<u>¥26,154</u>	<u>¥27,179</u>
Risk-adjusted assets:		
Credit risk assets	¥162,711	¥159,306
Operational risk equivalent amount / 8%	2,455	2,424
Total risk-adjusted assets	<u>¥165,166</u>	<u>¥161,730</u>
Total capital ratio	15.83%	16.80%
Tier I capital ratio	15.34%	16.29%
Common equity Tier I capital ratio	15.30%	16.22%

Competition

Prior to 1 October 2008, the laws relating to Development Bank of Japan provided that, in conducting its operations, Development Bank of Japan shall supplement or encourage financing activities by commercial financial institutions and shall not compete with them, as well as that Development Bank of Japan may only make loans and/or provide guarantees to any business where the execution of such business through procurement of funds or investment on commercial terms from parties other than DBJ would be difficult.

However, since 1 October 2008, DBJ's objective has been changed under the DBJ Act to maintaining the foundations of investment and financing functions of long-term business funds, which previously were carried out by Development Bank of Japan, by conducting business activities utilising the methods of combining investments and financing and other sophisticated financial methodologies, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions. Pursuant to the 2015 Amendment Act, DBJ must, for an indefinite period, pay special attention in conducting its business so that it will not upset its appropriate competitive relationships with other business entities. DBJ must, for an indefinite period, set out its policy relating to the securing of appropriate competitive relationships with other business entities in its Business Plan and report on the status of implementation of such policy in its Business Report.

Currently, general financial institutions are broadly divided into commercial banks, which provide mainly senior loans, and other financial institutions such as private equity funds and certain investment banks which provide mezzanine and equity funding. DBJ believes that it is differentiated from both types of financial institutions through its ability to provide both types of services in an integrated manner at a reasonable scale. It also believes that its business model enables it to appropriately share risks with commercial banks which extend senior loans, which it believes make it less prone to competition with so-called "mega banks" in Japan.

However, competition in the domestic and international financial services markets has become extremely competitive, and a number of financial institutions have a competitive advantage over DBJ in terms of assets and numbers of customers, branches and employees, and it is expected that the competition relating to DBJ's businesses will become increasingly intense.

Government Control and Supervision

Under the DBJ Act, DBJ is subject to the Japanese Government control and supervision primarily through the Minister of Finance. Such supervision encompasses key matters such as appointment and retention of representative directors, adoption of annual business plan, adoption of annual basic policy regarding issuance of bonds and Development Bank of Japan Inc. bonds and borrowings, adoption of annual debt repayment plans, ownership of subsidiaries involved in the financial business (such as banks) and amendment of DBJ's articles of incorporation. Such key matters are subject to prior approval by the Minister of Finance.

The Minister of Finance also has supervisory powers with regard to DBJ and may require it to make reports as to its operations or examine its books and records whenever he or she deems it necessary. On the basis of any such report or examination, the Minister may issue such orders to DBJ concerning its operations as he or she deems necessary for enforcement of the DBJ Act.

The Minister of Finance draws up the Japanese Government's FILP (*zaito* programme) each year which, subject to approval by the Diet, determines the allocation of funds to public institutions and special corporations such as DBJ. Until such time as DBJ is fully privatised, DBJ is able to issue government guaranteed bonds and borrow from the Japanese Government pursuant to the *zaito* programme. DBJ is also authorised to raise funds from the capital markets without a guarantee from the Japanese Government and also to make long-term borrowings from private financial institutions.

Legal Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which DBJ is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of DBJ or the Group.

Management

DBJ's board of directors has the ultimate responsibility for the administration of its affairs. DBJ's articles of incorporation provide for a board of directors of not more than 13 directors and provide for not more than five corporate auditors. All directors and corporate auditors are elected by DBJ's shareholders at general meetings of shareholders (currently, the Japanese Government is the sole shareholder), but the election of each corporate auditor is subject to approval of the Minister of Finance pursuant to the DBJ Act. The normal term of office for directors is one year, and the normal term of office for corporate auditors is four years, but directors and corporate auditors may serve any number of consecutive terms. The board of directors shall elect from among its members, a President and Chief Executive Officer, and may elect from among its members, a Chairman of the Board and one or more Deputy Presidents, Executive Directors and Managing Directors. The board of directors also elects one or more representative directors from among its members, but such election is subject to approval of the Minister of Finance. Each representative director has the authority to represent DBJ in the conduct of its affairs.

The corporate auditors form the board of corporate auditors. The board of corporate auditors has a statutory duty to prepare and submit an audit report to the board of directors each year based on the audit reports issued by the individual corporate auditors that year. The board of corporate auditors is empowered to establish audit principles, the method of examination by the corporate auditors of DBJ's affairs and financial position and any other matters relating to the performance of the corporate auditors' duties.

DBJ is required to appoint independent auditors, who have the statutory duties of examining the financial statements, prepared on a basis consistent with accounting principles generally accepted in Japan, to be submitted to the shareholders by directors, and preparing their audit report thereon. Deloitte Touche Tohmatsu LLC is DBJ's independent auditors.

The names of the directors and corporate auditors of DBJ as at the date of this document are as follows:

<u>Name</u>	<u>Title</u>	<u>Principal Activities outside DBJ</u>
Directors		
Masanori Yanagi ⁽¹⁾	President and Chief Executive Officer	—
Yasushi Kinoshita ⁽¹⁾	Deputy President	—

<u>Name</u>	<u>Title</u>	<u>Principal Activities outside DBJ</u>
Hajime Watanabe ⁽¹⁾	Deputy President	—
Shin Kikuchi	Director and Managing Executive Officer	—
Tetsumi Hashimoto.....	Director and Managing Executive Officer	—
Hideo Oishi.....	Director and Managing Executive Officer	—
Naoki Enomoto.....	Director and Managing Executive Officer	—
Satoshi Tomii.....	Director and Managing Executive Officer	—
Akio Mimura ⁽²⁾	Director	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
Kazuo Ueda ⁽²⁾	Director	Professor, Faculty of Economics, The University of Tokyo
Corporate Auditors		
Osamu Koyanagi	Audit and Supervisory Board Member	—
Mitsue Kurihara.....	Audit and Supervisory Board Member	—
Tatsuya Tsuboi ⁽³⁾	Audit and Supervisory Board Member	—
Makoto Ito ⁽³⁾	Audit and Supervisory Board Member	Professor, Waseda Law School, Waseda University; attorney-at-law
Shinji Hatta ⁽³⁾	Audit and Supervisory Board Member	Professor, Graduate School of Professional Accountancy, Aoyama Gakuin University

Notes:

- (1) Representative director.
(2) Outside director under the Company Act.
(3) Outside corporate auditor under the Company Act.

All of the above officers are engaged in the business of DBJ on a full-time basis except Mr. Akio Mimura, Mr. Kazuo Ueda, Mr. Makoto Ito and Mr. Shinji Hatta. The business address of all of the above officers is 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, Japan.

None of the above officers have any conflict between their duties to DBJ and their private interests and/or other duties.

Employees

As of March 2015, DBJ employed 1,407 employees on a consolidated basis.

Subsidiaries and Affiliates

As of 31 March 2015, DBJ had 25 consolidated subsidiaries, as well as 30 non-consolidated subsidiaries (none of which was accounted for by the equity method) and 113 affiliates (20 of which was accounted for by the equity method). In addition, as of the same date, DBJ owned greater than 20 per cent. but less than a majority of the voting rights of 12 companies, which were not considered to be affiliates because DBJ made these investments as part of its financing operations and did not intend to obtain the ability to exercise significant influence on their operating and financing policies.

The following table sets forth certain information about DBJ's principal consolidated subsidiaries and affiliates accounted for by the equity method as of 31 March 2015:

<u>Name</u>	<u>Paid-in capital</u>	<u>Capital owned directly or indirectly by DBJ⁽¹⁾</u>	<u>Principal business</u>
	<u>(in millions of yen, unless otherwise indicated)</u>	<u>(per cent.)</u>	
Consolidated Subsidiaries			
Japan Economic Research Institute Inc.	¥479	100.0%	Research, consulting and advisory

Name	Paid-in capital (in millions of yen, unless otherwise indicated)	Capital owned directly or indirectly by DBJ ⁽¹⁾ (per cent.)	Principal business
Value Management Institute, Inc.	75	100.0 (8.0)	Research, consulting and advisory
DBJ Securities Co., Ltd.	500	100.0	Investment partnership
DBJ Business Investment Co., Ltd.	40	100.0	Investment consulting
DBJ Capital Co., Ltd.	99	100.0	Administration of investment partnerships
DBJ Asset Management Co., Ltd.	100	100.0	Investment management, investment advisory and agency business
DBJ Singapore Limited	Singapore dollar 1 million	100.0	Investment and lending support, advisory
DBJ Europe Limited	Euro 7 million	100.0	Investment and lending support, advisory
DBJ Investment Advisory Co., Ltd.	68	50.6	Investment advisory and agency business
DBJ Real Estate Co., Ltd.	80	100.0	Real estate leasing
DBJ Investment Consulting (Beijing) Co., Ltd.	RMB 4 million	100.0	Investment consulting

Note:

(1) Figures in parentheses denote the part of such ownership which is indirectly owned.

RECENT BUSINESS

Consolidated Results for the Year Ended 31 March 2015

The following table sets out selected historical audited consolidated financial information of DBJ for the financial years ended 31 March 2014 and 31 March 2015, prepared in accordance with Japanese GAAP:

	Year Ended 31 March	
	2014	2015
	(in millions of yen)	
Total Income.....	¥362,197	¥339,915
Interest Income.....	255,329	235,689
Fees and Commissions.....	13,952	8,696
Other Operating Income.....	15,687	13,084
Other Income	77,228	82,445
Total Expenses.....	196,182	186,252
Interest Expense	132,167	117,849
Fees and Commissions.....	276	713
Other Operating Expenses.....	7,224	10,751
General and Administrative Expenses	47,436	43,562
Other Expenses	9,077	13,376
Income before Income Taxes and Minority Interests	166,014	153,662
Net Income	124,303	92,758
Total Comprehensive Income.....	126,332	150,843

Net interest income for the year ended 31 March 2015 amounted to ¥117,839 million, a decrease of ¥5,321 million, or 4.3 per cent., compared to ¥123,161 million for the year ended 31 March 2014, reflecting, among other things, decreases in loan volume and margins.

Net fees and commissions income for the year ended 31 March 2015 amounted to ¥7,982 million, a decrease of ¥5,693 million, or 41.6 per cent., compared to ¥13,676 million for the year ended 31 March 2014, reflecting, among other things, an increase in fees and commissions relating to investments and lending.

Net other operating income for the year ended 31 March 2015 amounted to ¥2,332 million, a decrease of ¥6,129 million, or 72.4 per cent., compared to ¥8,462 million recorded for the year ended 31 March 2014. This principally reflected a decrease in gains upon redemptions of bonds which had been impaired.

General and administrative expenses for the year ended 31 March 2015 amounted to ¥43,562 million, a decrease of ¥3,874 million, or 8.2 per cent., compared to ¥47,436 million for the year ended 31 March 2014, reflecting, among other things, a decrease in expenses incurred in relation to the relocation of the headquarters of DBJ.

Other income for the year ended 31 March 2015 amounted to ¥82,445 million, an increase of ¥5,217 million, or 6.8 per cent., compared to ¥77,228 million for the year ended 31 March 2014, principally reflecting reversal of reserves due to improvement in customers' credit.

As a result of the above, income before income taxes and minority interests amounted to ¥153,662 million for the year ended 31 March 2015, a decrease of ¥12,352 million, or 7.4 per cent., compared to ¥166,014 million for the year ended 31 March 2014.

Upon DBJ becoming a joint stock corporation on 1 October 2008, it became liable to payment of Japanese taxes. For the year ended 31 March 2015, net income taxes amounted to ¥58,974 million, an increase of ¥18,106 million, or 44.3 per cent., from ¥40,868 million for the year ended 31 March 2014, principally reflecting a decrease in non-taxable income due to liquidation of subsidiaries. As a result, for the year ended 31 March 2015, DBJ's net income amounted to ¥92,758 million, a decrease of ¥31,544 million, or 25.4 per cent., compared to ¥124,303 million for the year ended 31 March 2014.

Certain Non-Consolidated Financial Measures (prepared under Japanese GAAP)

DBJ's gross operating profit for the year ended 31 March 2015 amounted to ¥128,954 million, a decrease of ¥10,930 million, or 7.8 per cent., compared to ¥139,884 million for the year ended 31 March 2014. For the year ended 31 March 2015, DBJ's actual net operating profit amounted to ¥88,601 million, a decrease of ¥10,959 million, or 11.0 per cent., compared to ¥99,561 million for the year ended 31 March 2014.

Capital Ratio

DBJ's consolidated total capital ratio as of 31 March 2015 as measured pursuant to the standards (international standards) established by the Japanese Ministry of Finance and the Japanese Financial Services Agency, which are based on the standards proposed by the Bank for International Settlements (the "**consolidated total capital ratio**"), came to 16.80 per cent., compared to 15.83 per cent. as of 31 March 2014 (both on Basel III basis).

PRIVATISATION OF DBJ

In this section "Privatisation of DBJ", the term "DBJ" refers to Development Bank of Japan Inc., or where appropriate, Development Bank of Japan as the predecessor of Development Bank of Japan Inc. Further, the term "Government" refers to the Japanese Government.

Policy-based Finance Reform

On 26 May 2006 the Regulatory Reform Act described in more detail below was enacted, and promulgated and put into effect on 2 June 2006. Under the policy-based finance reform as carried out by the Regulatory Reform Act, various policy-based financial institutions have been undergoing reform as follows:

- The process of privatisation of DBJ commenced during the year ended 31 March 2009 (explained in more detail below).
- The process of privatisation of Shoko Chukin Bank commenced during the year ended 31 March 2009.
- Japan Finance Corporation for Municipal Enterprises has been transferred to the Japanese municipal governments commencing the year ended 31 March 2009.
- The Government Housing Loan Corporation became an independent administrative agency during the year ended 31 March 2008.
- A new policy-based financial institution, Japan Finance Corporation, has been established in 2008, with the operations of Japan Finance Corporation for Small and Medium Enterprises, National Life Finance Corporation and Agriculture, Forestry and Fisheries Finance Corporation, together with the international financial operations of JBIC being transferred to Japan Finance Corporation commencing the year ended 31 March 2009, and the operations of Okinawa Development Finance Corporation being transferred to Japan Finance Corporation commencing the year ended 31 March 2013.
- The overseas economic cooperation operations of JBIC were transferred to Japan International Cooperation Agency during the year ended 31 March 2009.

Schedule of DBJ's Privatisation

Under the DBJ Act prior to its amendments, the Japanese Government was to dispose of all of its holdings of the share capital of DBJ within a time period that was targeted to last approximately five to seven years from its establishment. However, on 26 June 2009, the Japanese Diet approved the 2009 Amendment Act, which, as part of the response to economic and financial crises promulgated by the Japanese Government, enables the Japanese Government to strengthen DBJ's financial base through capital injections up to the end of March 2012. On 2 May 2011, the Japanese Diet approved the Extraordinary Expenditure Act which extended the above deadline to the end of March 2015. In addition, under the 2009 Amendment Act, the targeted timing for the full privatisation of DBJ has been extended to approximately five to seven years from 1 April 2012, which was further extended to approximately five to seven years from 1 April 2015 in accordance with the Extraordinary Expenditure Act. Further, the 2009 Amendment Act provided that the Japanese Government is to review the organisation of DBJ, including the Japanese Government's holding of DBJ's share capital, by the end of the fiscal year ending 31 March 2012, which was extended to the end of the fiscal year ending 31 March 2015 by the Extraordinary Expenditure Act, and until such time, the Japanese Government will not be disposing of its holding of DBJ's share capital.

Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ has been deleted, and instead provides that the Japanese Government shall dispose of all such share capital as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. Further, the 2015 Amendment Act also contains provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Business by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations (DBJ shall seek to complete this by 31 March 2026).

All of the description with regard to the privatisation of DBJ set out below should be read in light of the delay in the plans for such full privatisation.

Privatisation Policies

Pursuant to the Basic Policy, which the Cabinet adopted on 24 December 2005, DBJ is to become fully privatised. The laws and policies regarding the privatisation are as follows:

Basic Policy

Since the beginning of 2002, an overall review of the area, scope and organisational structure of policy finance has been discussed by the Council on Economic and Fiscal Policy ("**CEFP**"), an advisory body for the Prime Minister. On 29 November 2005, the CEFP completed the Basic Policy based on the Reform of Policy Finance announced on 13 December 2002. In accordance with the Basic Policy, CEFP announced the implementation of the fundamental reform of policy finance and the transfer of the special public institutions into a new framework commencing in the year ended 31 March 2009.

The Basic Policy sets forth four basic principles. First, policy finance will be limited to the following three functions, and all other current functions will be abolished: (1) provision of financing to small and medium-sized enterprises and individuals; (2) financing necessary to secure overseas resources and international competitiveness in line with national policy; and (3) provision of yen loans that have the dual function of policy finance and development assistance. Second, the size of policy finance will be reduced by half in accordance with the realisation of "small and efficient government" through the following steps: (1) reducing by half the ratio of loans outstanding to gross domestic product ("**GDP**") by the year ended 31 March 2009; (2) not incurring any new financial burdens; (3) continually reducing the scale of policy finance after the new framework takes effect through establishing market testing, assessment and monitoring mechanisms; and (4) completing full privatisation of those special public institutions that will be privatised. Third, a crisis response system, which makes use of the resources of private financial institutions, will be established to deal with natural disasters, acts of terrorism and financial crises. Finally, the following actions will be taken in order to achieve the efficient administration of special public institutions: (1) engaging in activities that complement those of private financial institutions, such as partial funding guarantees, securitisations and indirect loans; (2) immediately prohibiting government bureaucrats from obtaining posts in the top management of special public institutions with which they used to do business; and (3) making operations more efficient through streamlining the newly integrated institutions.

The Basic Policy divides the functions of the special public institutions into those from which policy finance will be withdrawn, those which are necessary and will be maintained and those that are currently necessary but may be withdrawn in the future. According to the Basic Policy, DBJ's function of providing loans to large and medium-sized businesses is no longer necessary as a matter of policy finance and is an area from which policy finance should be withdrawn, since unlike during the high-growth period of the Japanese economy when the nation lacked funding, various forms of financing, including not only loans but also the issuance of debt or equity securities, are available for enterprises today.

The Basic Policy also sets forth the following concerning the most efficient structure to implement the above. First, DBJ should be fully privatised as a single entity so that it can continue to maintain its numerous functions and thus remain capable of developing new financial technologies. In addition, certain minimal transition measures should be taken to ensure that DBJ will be financially self-reliant. The initial plan was that, depending on market conditions, the full privatisation should take place approximately in five to seven years from the establishment of DBJ in October 2008. However, under the 2009 Amendment Act, the targeted timing for the full privatisation of DBJ has been extended to approximately five to seven years from 1 April 2012, which was further extended to approximately five to seven years from 1 April 2015 in accordance with the Extraordinary Expenditure Act. Further, the 2009 Amendment Act and the Extraordinary Expenditure Act provided that the Japanese Government is to review the organisation of DBJ, including the Japanese Government's holding of DBJ's share capital, by the end of the fiscal year ending 31 March 2012, which was extended to the end of the fiscal year ending 31 March 2015 by the Extraordinary Expenditure Act, and until such time, the Japanese Government will not be disposing of its holding of DBJ's share capital. In order to maximise policy finance functions in a timely manner in the event of a crisis and temporarily expand the safety net for related financial institutions, including privatised enterprises, consideration will be given as soon as possible to establish necessary procedures and standards and create a system whereby decisions made by the Prime Minister can be carried out promptly. Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ has been

deleted, and instead provides that the Japanese Government shall dispose of all such share capital as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. Further, the 2015 Amendment Act also contains provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Business by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations (DBJ shall seek to complete this by 31 March 2026).

In addition, the Basic Policy identifies the following factors that need to be taken into consideration: (1) when an organisation is reorganised or privatised, there shall be due diligence to scrutinise its assets and liabilities, and if there are idle assets, they must be sold or returned to the national treasury; and (2) there must be no inconvenience incurred for the current borrowers and the holders of outstanding bonds.

Regarding the process of the transformation of the special public institutions into new entities and submitting the relevant bills to the Diet, the Basic Policy calls for the Headquarters for the Implementation of Policy Finance Reform to be established within the Cabinet, with the Prime Minister serving as chief and the Minister of State for Regulatory Reform and others serving as deputy chiefs. It also calls for the Japanese Government to draft bills related to the reform of policy finance in accordance with the Basic Policy, followed by a detailed structuring of policy finance, and within the same fiscal year, for final draft proposals to be prepared and a definite time schedule for submitting the bills to the Diet to be finalised. During this process, the Headquarters for the Implementation of Policy Finance Reform should report to CEFP as needed, and administrative tasks should be handled by the Office for Promotion of Regulatory Reform under the Minister of State for Regulatory Reform.

With the cabinet approval on the above Basic Policy, the Regulatory Reform Act was submitted to the Diet on 10 March 2006, enacted on 26 May 2006 and promulgated and put into effect on 2 June 2006.

The Regulatory Reform Act

The Regulatory Reform Act outlines that policy finance reform will take place through restructuring the organisation and functions of current policy-based financial institutions, including DBJ, and having the new policy-based financial institution operate as a key entity. The policy finance reform establishes a crisis response system that enables the new policy finance and other institutions to deal with financing for any damage caused by domestic or international turmoil in the financial system, massive natural disasters, acts of terrorism or epidemic of infectious diseases in a prompt and smooth manner.

The privatisation process relating to DBJ commenced in the year ended 31 March 2009, and measures will be taken to ensure DBJ's independence by reducing the Government's involvement in its affairs. The Government's financial contribution to DBJ will be gradually reduced, taking into consideration market conditions. The initial plan had been that all of the contributions will be eventually discarded approximately five to seven years after the measures set forth in the preceding paragraphs are undertaken. However, under the 2009 Amendment Act, the targeted timing for the full privatisation of DBJ has been extended to approximately five to seven years from 1 April 2012, which was further extended to approximately five to seven years from 1 April 2015 in accordance with the Extraordinary Expenditure Act. Further, the 2009 Amendment Act provided that the Japanese Government is to review the organisation of DBJ, including the Japanese Government's holding of DBJ's share capital, by the end of the fiscal year ending 31 March 2012, which was extended to the end of the fiscal year ending 31 March 2015 by the Extraordinary Expenditure Act, and until such time, the Japanese Government will not be disposing of its holding of DBJ's share capital. Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ has been deleted, and instead provides that the Japanese Government shall dispose of all such share capital as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. Further, the 2015 Amendment Act also contains provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Business by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations (DBJ shall seek to complete this by 31 March 2026).

With regard to the full privatisation, the Government shall take measures to ensure a financial foundation necessary for DBJ to operate its business smoothly for investment and loans concerning DBJ's long-term business funds.

In the course of taking such measures, the Government must pay careful attention to the following two points. First, the assets and liabilities of the current policy-based financial institutions must be evaluated strictly and on a case-by-case basis. The assets that are related to the Government's contributions and considered to be unnecessary for the new institutions to carry out the operations smoothly shall be restored to the national treasury. Second, the interests of borrowers of loans and users of other businesses provided by the current policy based financial institutions and holders of bonds issued by the current policy-based financial institutions shall not be unjustly harmed.

Moreover, the House of Representatives and the House of Councillors adopted supplementary resolutions accompanying enactment of the Regulatory Reform Act. Pursuant to a resolution adopted by the special committee for the Lower House Regulatory Reform on 19 April 2006, even after DBJ is fully privatised, it must take measures to contribute to the revitalisation of regional economies by supplying medium and long-term investments and loans and establishing a smooth and diversified foundation for financing during the transformation, utilising its credit status. Also, a crisis response system must be established such that measures can be put in motion promptly that applies a flexible response of the new policy-based financial institutions and functions and know-how of the fully privatised institutions. On 25 May 2006, the special committee for the Upper House Regulatory Reform adopted a resolution that even after DBJ is fully privatised, it must take institutional measures to supply medium and long-term investments and loans in the fields of revitalisation of regional economies, maintain its creditworthiness and utilise its credit status in order to maximise corporate value through having a stable shareholder base and establish a smooth and diversified finance foundation. In addition, the Government must enable the new policy-based financial institution to respond flexibly in financing in the event of domestic and international turmoil in the financial order and of massive natural disasters and take all possible measures to ensure that DBJ and the other fully privatised institutions can play an active role after privatisation.

Institutional Design for Policy Finance Reform

In accordance with the Regulatory Reform Act, the Institutional Design was adopted by the Headquarters for the Implementation of Policy Finance Reform on 27 June 2006. The Institutional Design contains the following three basic principles: (1) restructuring policy-based financial institutions to limit their functions to only necessary policy finance activities and reducing the GDP ratio of policy financing loans outstanding by half; (2) reorganising the crisis response system by utilising private financial institutions; and (3) pursuing efficient management of policy-based financial institutions.

Full Privatisation of DBJ

The Institutional Design describes matters related to DBJ. Based on neutrality, credibility, impartiality and qualities which it has developed as an institution dealing with policy finance, DBJ shall become a private financial institution capable of extensively fulfilling needs in financial services which have become sophisticated and diversified in business activities and regional economies. The purpose of privatised DBJ is to provide medium and long-term investments and loans (development of new financial technology combined with investments and loans), by maximising management resources such as an ability to make business assessments and regional alliances. With regard to businesses and organisational structure, DBJ is a joint stock corporation under the Company Act, to which the general laws and regulations related to finance, such as the Banking Act, shall be applied, and conducts its businesses in compliance with such applicable laws and regulations. Special laws related to the transition period shall be abolished. After the shares held by the Government are disposed entirely, the Government shall in compliance with the Regulatory Reform Act immediately implement measures related to such disposal, which must be stipulated in the special laws. With respect to the specific type of businesses and business structure of DBJ, the most suitable type of operations, including group management, have been selected for DBJ as a leading provider of financial services, including both investments and loans, taking into account operations actually conducted during the transition period.

Operations include those that utilise new financial technology, such as regional and business revitalisation. A necessary system enabling provision of medium and long-term investments and loans for infrastructure by establishing a financing foundation has been developed. In terms of fund raising, a medium and long-term fund raising foundation, centred on issuance of bonds, has been established. In addition to borrowing from other financial institutions, with fund-raising through large-lot deposits (such as negotiable certificates of deposit), a stable, efficient and diversified fund raising foundation has been established.

As to the process for the full privatisation, the Government abolished the Development Bank of Japan Act and launched a special corporation whose shares were held solely by the Government in October 2008 pursuant to the DBJ Act. The Government implemented measures in relation to financial foundation and fund raising, in order for the new institution to build the most appropriate business model at the time of the full privatisation and maintain and enhance its credit status, as well as corporate values. Supervision by the Government is limited to only what is necessary, and while taking into account of public interests and maintaining an equal footing as a private financial institution, the involvement of the Government has been reduced. In order for DBJ to establish a business foundation as a financial institution which provides the function of medium and long-term investments and loans, the Government has explored various venues of disposing its share of privatised DBJ.

During the transition period, in order to maintain the basis of its financial function combining medium and long-term investments and loans, provisions concerning DBJ's businesses have been provided, incorporating short-term loans and investments for financing operations and acceptance of deposits and issuance of financial bonds for raising funds. Upon commencing its deposit businesses, DBJ shall be a member of the Deposit Insurance Corporation of Japan, and DBJ will be subject to inspection and supervision by financial authorities. If truly necessary for national policies, DBJ shall be utilised for such policies taking into consideration the need for it to remain on an equal footing with other private financial institutions.

As a measure for the transformation, adequate equity capital shall be ensured for DBJ to provide continuous and appropriate medium and long-term investments and loans. Furthermore, to achieve a smooth transformation from the current system, which relies on the Government as the main source of fund raising, into a stable and independent financing system, the issuance of government guaranteed bonds and borrowing from the Government shall be approved.

In the event that DBJ is used for policy finance purposes, after the privatisation of DBJ in October 2008, the manner in which DBJ is used have been considered, taking into account the circumstances of users. Particularly, when such use is stipulated by applicable acts, a necessary review shall be conducted. In order to facilitate a smooth transformation, measures such as long-term borrowings from other private financial institutions have been made possible.

Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ set out in previous laws has been deleted, and instead provides that the Japanese Government shall dispose of all such share capital as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. The process for the full privatisation shall be assessed and inspected by a panel with the task of discussing ways to reduce the central government's payroll. From the perspective of the rational business model of the new institution, the importance of it being on an equal footing with private financial institutions and ensuring public interests in relation to financial measures, a system which enables professional monitoring of its affairs shall be developed. To achieve a smooth transformation, a management system which can apply the know-how of the private sector shall be established. Along with the new policy based financial institution, a right person who holds expertise and abilities regarded necessary shall be elected in place as a chief executive officer, and due consideration shall be given to avoid a person who holds a career record in particular positions in government offices.

The structures for management and finance after the transformation into the new institution shall be further studied, and a system shall be developed. In addition, the Government shall review merchantability of bank bonds and financial bonds.

Crisis Response System

The Institutional Design also sets forth the following guidelines regarding the crisis response system. The Government shall develop a system to facilitate smooth and effective financing in the wake of crises, such as disaster, terrorism or financial crises. The Government shall also implement measures to ensure that financial institutions including newly privatised institutions such as DBJ may effectively engage in providing financial services such as accommodation of funding through bill discounts, supply of other short-term funding and supply of funding in relation to infrastructure improvement, which may not be adequately addressed by the newly created policy finance organisation. The Government shall ensure transparency in measures implemented in connection with the crisis response system and minimise the costs related to such implementation. When utilising financial institutions including newly privatised institutions

such as DBJ, the Government shall ensure that everyone is treated on equal footing and guard against any moral hazard problems.

Roles of Financial Institutions in Crisis Response

The Government shall in advance designate financial institutions, based on a voluntary application, that are capable of providing necessary financial services in case of crises, which cannot be appropriately handled by the new policy-based financial institution, such as accommodation of funding through bill discounts, supply of other short-term funding and supply of funding in relation to infrastructure improvement (hereinafter referred to as the "**Crisis Response Business**"). Upon commencement of the crisis response system, the designated financial institutions shall conduct the Crisis Response Business under the appropriate instruction and supervision by the Government. Upon providing instruction and supervision to the designated financial institutions, the Government shall respect managerial decisions made by the designated financial institutions to the furthest extent possible.

During the transition period, the newly privatised institutions such as DBJ shall be regarded as the designated financial institutions in order to utilise the accumulated managerial resources. After the completion of privatisation, they shall serve in principle as designated financial institutions. In connection with the Crisis Response Business to be conducted by the designated financial institutions, the Government shall implement necessary measures to ensure necessary risk management and supply of funds to prevent adverse effects on the designated financial institutions. In accordance with the emergency management system, the Government shall determine necessary measures to be implemented by the new policy-based financial institution and the designated financial institutions.

DBJ Act

On 6 June 2007, the DBJ Act was passed by the Diet and the act came into effect on 13 June 2007.

Under the DBJ Act, a new joint stock corporation, DBJ, was established and succeeded to the business of Development Bank of Japan. Under the DBJ Act, DBJ will initially be wholly owned by the Japanese Government. The DBJ Act provides that, within a time period that is targeted to last five to seven years, the Japanese Government will dispose of all of the common stock of DBJ that it will initially own (the "**full privatisation**"). However, the targeted timing for the full privatisation of DBJ has been extended to approximately five to seven years from the end of March 2012 by the 2009 Amendment Act, which was further extended to approximately five to seven years from 1 April 2015 in accordance with the Extraordinary Expenditure Act. The 2009 Amendment Act provided that the Japanese Government is to review the organisation of DBJ, including the Japanese Government's holding of DBJ's share capital, by the end of the fiscal year ending 31 March 2012, which was extended to the end of the fiscal year ending 31 March 2015 by the Extraordinary Expenditure Act, and until such time, the Japanese Government will not be disposing of its holding of DBJ's share capital. Promptly after the full privatisation, the Japanese Government will take steps to abolish the DBJ Act.

With respect to the transition period leading to the full privatisation, the DBJ Act provided the following:

- When DBJ is established in October 2008, Development Bank of Japan will contribute its assets and liabilities to DBJ in exchange for shares of DBJ's common stock, and thereafter, upon transferring such shares to the Japanese Government, Development Bank of Japan will be dissolved. The Development Bank of Japan Act will be abolished.
- Under the DBJ Act, the activities of DBJ will be primarily those of Development Bank of Japan (making equity investments in, and providing loans and guarantees to, those who need long-term business funds; and making borrowings from the government and private financial institutions and issuing government-guaranteed and non-guaranteed bonds to finance its operations). In addition, DBJ will be authorised to accept negotiable deposits and issue bank debentures to investors. The DBJ Act will also enable DBJ to utilise new financing technologies in its operations.
- Supervision of DBJ by the Japanese Government will be limited to the requisite minimum, taking into account as references the laws governing other companies wholly owned by the Japanese Government and finance-related laws and regulations. Involvement of the Japanese Government in DBJ's affairs will be reduced as compared with its current

involvement in Development Bank of Japan, bearing in mind such matters as the need to secure an equal footing between DBJ and private financial institutions and the need to secure public benefit with respect to fiscal measures.

- In order to make a smooth transition from the financing structure of Development Bank of Japan that relies primarily on financing backed by government credit to a stable financing structure without such backing, during the transition period DBJ will be permitted to borrow from the Japanese Government and to issue government-guaranteed bonds.
- During the preparation period leading to the establishment of DBJ in October 2008, in addition to borrowing from the Japanese Government and issuing government-guaranteed bonds, Development Bank of Japan will be permitted to obtain long-term borrowings from private financial institutions.
- There are various laws that currently provide mechanisms for utilising financing from Development Bank of Japan. By October 2008, the Japanese Government will consider the manner in which Development Bank of Japan can secure an equal footing with private financial institutions that might provide financing similar to that of Development Bank of Japan.
- The Japanese Government's guarantee of Development Bank of Japan's guaranteed bonds will continue unchanged after its obligations and liabilities thereunder are transferred to DBJ.

Status on Privatisation

Development Bank of Japan Inc. was established in Japan on 1 October 2008 as a joint stock corporation under the Company Act, and has succeeded to substantially all of the assets, and assumed all of the obligations, of Development Bank of Japan pursuant to the DBJ Act. Pursuant to the DBJ Act, Development Bank of Japan was dissolved on 1 October 2008 upon the establishment of DBJ. The Japanese Government currently owns all issued shares of DBJ's common stock and will not dispose any such shares at least until the end of March 2015 (see "— Schedule of DBJ's Privatisation" above).

On 26 June 2009, the 2009 Amendment Act was passed by the Diet and the act came into effect on 3 July 2009, as part of the response to economic and financial crises promulgated by the Japanese Government. In addition, on 2 May 2011, the Extraordinary Expenditure Act was passed by the Diet which enables the Japanese Government to inject additional capital into DBJ up to the end of March 2015 (see "Development Bank of Japan Inc. — Operations — Crisis Response Business").

Pursuant to the 2015 Amendment Act, the targeted timing of the Japanese Government's disposal of the shares of DBJ has been deleted, and instead provides that the Japanese Government shall dispose of all such share capital as soon as practicable, taking into account the effect on the attainment of the objectives of DBJ and the market situation. Further, the 2015 Amendment Act also contains provisions stipulating that the Japanese Government shall hold more than one-third of the total number of the issued shares of DBJ with a view to ensuring a proper conduct of the Crisis Response Business by DBJ, and one-half or more of the total number of issued shares of DBJ until the completion of its Special Investment Operations (DBJ shall seek to complete this by 31 March 2026).

TAXATION

The information provided in this section entitled "Taxation" is provided for the convenience only of investors, who are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation.

Japanese Taxation

The following description of Japanese taxation (limited to national taxes) applies to interest and the difference between the issue price of the Notes and the amount which the holder receives upon redemption of such Notes (the "**issue differential**") with respect to the Notes issued by DBJ on or after 1 April 2010 outside Japan and payable outside Japan, as well as to certain aspects of capital gains, inheritance and gift taxes. Prospective investors should note that the following description of Japanese taxation is not exhaustive.

Tax Withholding Rules

Certain recipients of interest on the Notes are subject to the following Japanese tax withholding rules:

If the recipient of interest on any Notes is:

- a non-resident of Japan with no permanent establishment within Japan;
- a non-Japanese corporation with no permanent establishment within Japan; or
- a non-resident of Japan or non-Japanese corporation with a permanent establishment within Japan, but the receipt of interest on the relevant Notes is not attributable to the business carried on within Japan by such recipient through such permanent establishment,

and the recipient is not a person nor entity controlling, or controlled by, DBJ, or otherwise having a prescribed special relationship with DBJ as described in Article 6 of the Special Taxation Measures Act and Cabinet Order No. 43 of 31 March 1957 promulgated thereunder, as amended (the "**Cabinet Order**") (a "**Related Party**"), then, no Japanese income or corporate tax is payable with respect to such interest by way of withholding or otherwise, if such recipient complies with certain requirements. Such requirements include:

- if the relevant Notes are held through a certain participant in an international clearing organisation such as Euroclear, Clearstream, Luxembourg and DTC, or a certain financial intermediary prescribed by the Special Taxation Measures Act and the Cabinet Order and related ministerial ordinances and regulations) (collectively, the "**Act**") (each, a "**Participant**"), the requirement to provide, at the time of entrusting a Participant with the custody of the relevant Notes, certain information prescribed by the Act ("**Exemption Information**") to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted and to advise the Participant if the recipient ceases to be so exempt; and
- if the relevant Notes are not held by a Participant, the requirement to submit to the Fiscal Agent (or a separate paying agent, if one is appointed) a claim for exemption from withholding tax (the "**Claim for Exemption**"), together with certain documentary evidence.

The above-described exemption from withholding tax with respect to interest on the Notes will not be applicable to any Notes on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order.

Failure to comply with the requirements described above or payment of interest to a recipient who is a non-resident of Japan or a non-Japanese corporation that in either case is a Related Party will result in the withholding by DBJ of income tax at the rate of 15.315 per cent. unless any lower rate or exemption is applicable under the relevant tax treaty between Japan and another country. Non-residents of Japan or non-Japanese corporations that are entitled to a reduced rate of Japanese withholding tax or exemption from Japanese withholding tax on payment of interest by DBJ are required to submit an "Application Form for

Income Tax Convention regarding Relief from Japanese Income Tax on Interest" in advance through DBJ to the relevant tax authority before payment of interest.

If the recipient of interest on any Notes is:

- a Japanese bank;
- a Japanese insurance company;
- a Japanese financial instruments firm; or
- any other Japanese financial institution that falls under one of certain categories prescribed by the Cabinet Order under Article 6, Paragraph 9 of the Special Taxation Measures Act,

and such recipient complies with, among others, the requirement to provide the Exemption Information or to submit the Claim for Exemption, as the case may be, no income tax will be imposed by way of withholding. The recipient will, however, be subject to regular corporate tax with respect to such interest.

If the recipient of interest on any Note is:

- a non-resident of Japan with a permanent establishment within Japan; or
- a non-Japanese corporation with a permanent establishment within Japan,

and the receipt of interest is attributable to the business carried on within Japan by the recipient through such permanent establishment, then such interest will not be subject to the withholding by DBJ of income tax at the rate of 15.315 per cent., provided that the recipient complies with, among others, the requirement to provide the Exemption Information or to submit the Claim for Exemption, as the case may be, and that the recipient is not a Related Party. The amount of such interest will, however, be included in the recipient's Japanese source income which is subject to Japanese taxation, and will be subject to regular income tax or corporate tax, as the case may be.

The above-described exemption from withholding tax with respect to interest on the Notes will not be applicable to any Notes on which interest is calculated based on the amount of profits or assets of DBJ or a Related Party or on any of certain other indices relating to DBJ or a Related Party as described in Article 6 of the Special Taxation Measures Act and the Cabinet Order.

If the recipient of interest on any Notes is a resident of Japan or a Japanese corporation other than any of the following institutions that complies with the requirement described below:

- Japanese banks;
- Japanese insurance companies;
- Japanese financial instruments firms;
- other Japanese financial institutions that fall under certain categories prescribed by the Cabinet Order under Article 8, Paragraphs 1 and 2 of the Special Taxation Measures Act (together with Japanese banks, insurance companies and financial instruments firms, the "**Specified Financial Institutions**"); or
- Japanese public corporations designated by the relevant law ("**Public Corporations**"),

and such recipient receives payment of interest through certain payment handling agents in Japan ("**Japanese Payment Handling Agents**"), such agents will withhold income tax at the rate of 15.315 per cent. An individual recipient that receives interest through a Japanese Payment Handling Agent will be subject only to such withholding tax. In all other cases, the recipient must include the amount of interest in the recipient's gross income and will be subject to normal income tax or corporate tax, as the case may be.

If the recipient of interest on any Notes is:

- a Public Corporation that keeps such Notes deposited with, and receives the interest on such Notes through, a Japanese Payment Handling Agent with custody of the Notes (the "**Japanese Custodian**"); or
- a Specified Financial Institution that keeps such Notes deposited with, and receives the interest on such Notes through, the Japanese Custodian,

and such recipient submits through the Japanese Custodian, to the competent tax authority, the report prescribed by the Act, no income tax will be imposed by way of withholding on such portion of interest as is prescribed by the Cabinet Order. Any amount of interest received by such recipient in excess of the non-taxable portion described above will be subject to withholding by the Japanese Custodian of income tax at the rate of 15.315 per cent.

If the recipient of any issue differential in respect of any Notes is a non-resident of Japan with no permanent establishment within Japan and is not a Related Party, no income tax is payable with respect to such issue differential. If such issue differential is received by a non-resident of Japan with a permanent establishment within Japan and is attributable to the business thereof carried on within Japan, and in certain other cases provided by the Cabinet Order, such issue differential will be subject to income tax. If the recipient of the issue differential of the Notes is a non-Japanese corporation with no permanent establishment within Japan and is not a Related Party, no corporate tax is payable with respect to such issue differential. If such issue differential is received by a non-Japanese corporation with a permanent establishment within Japan and is attributable to the business thereof carried on within Japan, and in certain other cases provided by the Cabinet Order, such issue differential will be subject to corporate tax.

With effect from 1 January 2016, the term "issue differential" will be changed to the term "profit from redemption" and the definition thereof will be changed to the difference between the acquisition price of the Notes and the amount which the holder receives upon redemption thereof.

Capital Gains, Inheritance and Gift Taxes

Gains derived from the sale outside Japan of Notes by a non-resident of Japan or a non-Japanese corporation with no permanent establishment within Japan are generally not subject to Japanese income or corporate tax. An individual, regardless of his or her residency, who has acquired Notes as legatee, heir or donee from an individual may be required to pay Japanese inheritance or gift tax at progressive rates.

United States Federal Income Taxation

The discussion of tax matters in this Offering Circular is not intended or written to be used by any person for the purpose of avoiding U.S. federal, state or local tax penalties, and was written to support the promotion or marketing of the Programme. Each tax payer should seek advice based on such person's particular circumstances from an independent tax adviser.

The following summary discusses the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of the Registered Notes issued pursuant to Rule 144A. Except as specifically noted below, this discussion applies only to Registered Notes:

- with a maturity of 30 years or less;
- purchased on original issuance at their "issue price" (as defined below);
- held as capital assets; and
- purchased by U.S. holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant in light of a holder's particular circumstances or to holders subject to special rules, such as:

- former U.S. citizens or residents;
- financial institutions;
- insurance companies;

- dealers in securities or foreign currencies;
- persons holding Registered Notes as part of a hedging transaction, "straddle," conversion transaction or other integrated transaction;
- U.S. holders whose functional currency is not the U.S. Dollar; or
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "**Code**"), administrative pronouncements, published rulings, judicial decisions and final, temporary and proposed U.S. Treasury Regulations, all as currently available changes to any of which subsequent to the date of this Offering Circular may affect the tax consequences described below. Persons considering the purchase of the Registered Notes should consult the applicable Final Terms for any additional discussion regarding U.S. federal income taxation and should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The tax treatment of certain Registered Notes, such as, high interest Notes, low interest Notes, step-up Notes, step-down Notes and any Notes that do not provide for repayment of principal by their terms, may be specified in the applicable Final Terms or supplement to this Offering Circular. Moreover, this summary does not discuss Bearer Notes. In general, U.S. federal income tax law imposes significant limitations on U.S. holders of Bearer Notes.

As used herein, the term "**U.S. holder**" means a beneficial owner of a Registered Note that is for United States federal income tax purposes:

- an individual that is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation) created or organized in or under the laws of the United States, state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust over which administration a court within the United States is able to exercise primary supervision and all of the substantial decisions of which one or more U.S. persons have the authority or control.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Registered Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Registered Notes should consult with their tax advisers.

Payments of Stated Interest

Interest paid on a Registered Note will be taxable to a U.S. holder as ordinary interest income at the time it accrues or is received in accordance with the holder's method of accounting for U.S. federal income tax purposes, provided that the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. holder with respect to a Registered Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount Registered Note, and foreign currency Registered Notes ("**foreign currency Registered Notes**") are described under "— Original Issue Discount," "— Contingent Payment Debt Instruments" and "— Foreign Currency Registered Notes".

Original Issue Discount

A Registered Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued at an original discount for U.S. federal income tax purposes (and will

be referred to as an "original issue discount Registered Note") unless the Registered Note satisfies a *de minimis* threshold (as described below) or is a short-term Registered Note (a "short-term Registered Note") (as defined below). The "issue price" of a Registered Note generally will be the first price at which a substantial amount of the Registered Notes are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Registered Note generally will equal the sum of all payments required to be made under the Registered Note other than payments of "qualified stated interest".

"**Qualified stated interest**" is stated interest unconditionally payable in cash or in property (other than in debt instruments of DBJ) at least annually during the entire term of the Registered Note and equal to the outstanding principal balance of the Registered Note multiplied by a single fixed rate of interest. In addition, qualified stated interest includes, among other things, stated interest on a "variable rate debt instrument" that is unconditionally payable in cash or in property (other than in debt instruments of DBJ) at least annually at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Registered Note is denominated.

If the difference between a Registered Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., 1/4 of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity, the Registered Note will not be considered to have original issue discount. U.S. holders of Registered Notes with less than a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Registered Note. Under these rules, U.S. holders generally will have to include in taxable income, increasingly greater amounts of original issue discount in successive accrual periods.

U.S. holders of original issue discount Registered Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received.

A U.S. holder may make an election to include in gross income all interest that accrues on any Registered Note (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and may revoke such election only with the permission of the IRS (a "**constant yield election**"). If a U.S. holder makes a constant yield election with respect to a Note with market discount (discussed below), the U.S. holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. holder on or after the first day of the first taxable year to which such election applies. U.S. holders should consult their tax advisors about making this election in light of their particular circumstances.

A Registered Note that matures one year or less from its date of issuance, a short-term Registered Note, will be treated as being issued at a discount and none of the interest paid on the Registered Note will be treated as qualified stated interest regardless of issue price. In general, a cash method U.S. holder of a short-term Registered Note is not required to accrue the discount for U.S. federal income tax purposes though it may elect to do so. Holders who so elect and certain other holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Registered Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Registered Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

DBJ may have an unconditional option to redeem, or U.S. holders may have an unconditional option to require DBJ to redeem a Registered Note prior to its stated maturity date. Under applicable

regulations, if DBJ has an unconditional option to redeem a Registered Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Registered Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Registered Note as the stated redemption price at maturity, the yield on the Registered Note would be lower than its yield to maturity. If the U.S. holders have an unconditional option to require DBJ to redeem a Registered Note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Registered Note would be higher than its yield to maturity. If it is presumed that an option would be exercised but it is not in fact exercised, the Registered Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Registered Note were issued, on the presumed exercise date for an amount equal to the Registered Note's adjusted issue price on that date. The adjusted issue price of an original issue discount Registered Note is defined as the sum of the issue price of the Registered Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market Discount

If a U.S. holder purchases a Registered Note (other than a short-term Registered Note) in the secondary market for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Registered Note, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. holder will be required to treat any principal payment (or, in the case of an original issue discount Registered Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Registered Note, including disposition in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Registered Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. holder pursuant to an election by the holder to include market discount in income as it accrues, or pursuant to a constant yield election by the holder as described under "— Original Issue Discount" above. In addition, the U.S. holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Registered Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Registered Note.

If a U.S. holder makes a constant yield election (as described under "— Original Issue Discount") for a Registered Note with market discount, such election will result in a deemed election for all market discount bonds acquired by the holder on or after the first day of the first taxable year to which such election applies.

Acquisition Premium and Amortisable Bond Premium

A U.S. holder who purchases a Registered Note for an amount that is greater than the Registered Note's adjusted issue price but less than or equal to the sum of all amounts payable on the Registered Note after the purchase date other than payments of qualified stated interest will be considered to have purchased the Registered Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. holder must include in its gross income with respect to the Registered Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. holder purchases a Registered Note for an amount that is greater than the redemption price at maturity, the holder will be considered to have purchased the Registered Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The holder will not be subject to the original issue discount rules and may elect to amortise this premium, using a constant yield method, over the remaining term of the Registered Note. A holder who elects to amortise bond premium must reduce his tax basis in the Registered Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the holder and may be revoked only with the consent of the IRS.

If a U.S. holder makes a constant yield election (as described under "— Original Issue Discount") for a Registered Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the holder's debt instruments with amortisable bond premium.

Sale, Exchange or Retirement of the Registered Notes

Upon the sale, exchange or retirement of a Registered Note, a U.S. holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the holder's adjusted tax basis in the Registered Note. A U.S. holder's adjusted tax basis in a Registered Note generally will equal the acquisition cost of the Registered Note increased by the amount of original issue discount and market discount included in the Holder's gross income and decreased by any bond premium or acquisition premium previously amortised and by the amount of any payment received from DBJ other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. holder's foreign tax credit limitation. Foreign tax credits generally can only be used to the extent of foreign-source income and are further subject to complex limitations and restrictions. Prospective investors should consult their tax advisors regarding the application of the foreign tax credit rules or the availability of a deduction for the payment of non-U.S. taxes in their particular circumstances. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Registered Note. Amounts attributable to accrued but unpaid qualified stated interest are treated as interest as described under "— Payments of Stated Interest".

Except as described below, gain or loss realised on the sale, exchange or retirement of a Registered Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Registered Note has been held for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Registered Note, to the extent of any accrued discount not previously included in the holder's taxable income. See "— Original Issue Discount" and "— Market Discount". In addition, other exceptions to this general rule apply in the case of foreign currency Registered Notes, and contingent payment debt instruments. See "— Foreign Currency Registered Notes" and "— Contingent Payment Debt Instruments". The deductibility of capital losses is subject to limitation.

Contingent Payment Debt Instruments

If the terms of the Registered Notes provide for certain contingencies that affect the timing and amount of payments (including Registered Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" for purposes of the original issue discount rules) they generally will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Registered Notes qualifies as qualified stated interest. Rather, a U.S. holder must account for interest for U.S. federal income tax purposes based on a "comparable yield" making adjustments for any differences between actual payments on the Registered Note and the Registered Note's "projected payment schedule" as described below. The comparable yield is determined by DBJ at the time of issuance of the Registered Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Registered Notes. Solely for the purpose of determining the amount of interest income that a U.S. holder will be required to accrue on a contingent payment debt instrument, DBJ will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

Neither the comparable yield nor the projected payment schedule constitutes a representation by DBJ regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. holder will be required to use the comparable yield and the projected payment schedule established by DBJ in determining interest accruals and adjustments in respect of an optionally exchangeable Registered Note, unless the holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. holder, regardless of the holder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. holder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a holder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of the amount of all previous interest inclusions under the contingent payment debt instrument over the total amount of the U.S. holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the two per cent. floor limitation imposed on miscellaneous deductions. Any net negative adjustment in excess of the amounts described above will be carried forward to off-set future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the holder's adjusted basis in the contingent payment debt instrument. A U.S. holder's adjusted basis in a Registered Note that is a contingent payment debt instrument generally will be the acquisition cost of the Registered Note, increased by the interest previously accrued by the U.S. holder on the Registered Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Registered Note. A U.S. holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a holder recognises loss above certain thresholds, the holder may be required to file a disclosure statement with the IRS (as described under "— Reportable Transactions").

A U.S. holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument including in satisfaction of a conversion right or a call right equal to the fair market value of the property, determined at the time of retirement. The holder's holding period for the property will commence on the day immediately following its receipt.

Special rules apply to contingent payment debt instruments that are denominated, or provide for payments, in a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, these instruments are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amounts must then be translated into U.S. Dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of such instruments.

Foreign Currency Registered Notes

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. holder of the ownership and disposition of Registered Notes that are denominated in a specified currency other than the U.S. Dollar or the payments of interest or principal on which are payable in a currency other than the U.S. Dollar (foreign currency Registered Notes).

The rules applicable to foreign currency Registered Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Registered Note to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Registered Notes are complex and may depend on the holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a holder should make any of these elections may depend on the holder's particular U.S. federal income tax situation. U.S. holders are urged to consult their own tax advisers

regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Registered Notes.

A U.S. holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Registered Note will be required to include in income the U.S. Dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. Dollars at the time, and this U.S. Dollar value will be the U.S. holder's tax basis in the foreign currency.

An accrual method U.S. holder will be required to include in income the U.S. Dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Registered Note during an accrual period. The U.S. Dollar value of the accrued income will be determined by translating the income at the average rate of exchange in effect during the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. holder will recognise ordinary income or loss with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. Dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period (or, where a holder receives U.S. Dollars, the amount of the payment in respect of the accrual period) and the U.S. Dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method U.S. holder required to currently accrue original issue discount or market discount.

An accrual method U.S. holder or cash method U.S. holder accruing original issue discount may elect to translate interest income (including original issue discount) into U.S. Dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the accrual period in that taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Registered Note are to be determined in the relevant foreign currency. Where the U.S. holder elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. Dollars on the basis of the average rate in effect during the accrual period (or portion thereof within the U.S. holder's taxable year). Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Registered Note is translated into U.S. Dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as payments on the sale, exchange or retirement of the foreign currency Registered Note. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Registered Note with amortisable bond premium by a U.S. holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. holder's tax basis in a foreign currency Registered Note, and the amount of any subsequent adjustment to the holder's tax basis, will be the U.S. Dollar value amount of the foreign currency amount paid for such foreign currency Registered Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. holder who purchases a foreign currency Registered Note with previously owned foreign currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. holder's tax basis in the foreign currency and the U.S. Dollar fair market value of the foreign currency Registered Note on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Registered Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. Dollar value of the foreign currency principal amount of the Registered Note, determined on the date the payment is received or the Registered Note is disposed of, and (ii) the U.S. Dollar value of the foreign currency principal amount of the Registered Note, determined on the date the U.S. holder acquired the Registered Note. Payments received attributable to accrued qualified stated interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Registered Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the holder on the sale, exchange or retirement of the foreign currency Registered Notes. The foreign currency gain or loss will generally be U.S. source gain or loss. Any gain or loss realised by these holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of short-term Registered Note, to the extent of any discount not previously included in the holder's income provided that the Note is not a foreign currency contingent payment debt instrument. Holders should consult their own tax advisor with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Registered Notes accrue.

A U.S. holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Registered Note equal to the U.S. Dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method U.S. holder who buys or sells a foreign currency Registered Note that is traded on an established securities market translates units of foreign currency paid or received into U.S. Dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method U.S. holder may elect the same treatment for all purchases and sales of foreign currency obligations traded on an established securities market. This election cannot be changed without the consent of the IRS. U.S. holders of Notes that are not traded on an established securities market and accrual method U.S. holders that do not make the election with respect to Notes that are, generally will recognise foreign currency gain or loss with respect to the difference in value of such currency between the settlement and trade dates of their purchase or sales. Any gain or loss realised by a U.S. holder on a sale or other disposition of foreign currency (including its exchange for U.S. Dollars or its use to purchase foreign currency Registered Notes) will be ordinary income or loss.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Registered Notes and the proceeds from a sale or other disposition of the Registered Notes. A U.S. holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle them to a refund, provided that the required information is furnished to the IRS.

A U.S. holder that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. holder may be required to treat a foreign currency exchange loss from the Registered Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. holder is an individual or trust, or higher amounts for other U.S. holders. In the event the acquisition, ownership or disposition of Registered Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. holder will be required to disclose its investment to the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any U.S. holder that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. In addition, DBJ and its advisors may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers should consult their tax advisers regarding the application of these rules to the acquisition, ownership or disposition of Registered Notes.

U.S. Holders should consult their own tax advisers regarding any additional tax reporting or filing requirements they may have as a result of acquiring, owning, or disposing of Registered Notes.

The United States federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their own tax advisers with respect to the tax consequences to them of the ownership and disposition of the Registered Notes, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State of the EU is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

CERTAIN ERISA AND OTHER CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain requirements on "employee benefit plans" (as defined in ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

The U.S. Department of Labor regulations and Section 3(42) of ERISA describe what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of ERISA's fiduciary provisions and Section 4975 of the Code (the "**Plan Asset Regulation**"). Under the Plan Asset Regulation, subject to certain exceptions, if a Plan invests in an "equity interest" of an entity, then the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that equity participation in the entity by "Benefit Plan Investors" (as defined below) is not "significant" (as described below). If the underlying assets of the entity are deemed to be "plan assets," the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of "parties in interest" and "disqualified persons" (as defined under ERISA and the Code), under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies); in addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the entity, could be deemed to be Plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

In general, equity participation by Benefit Plan Investors in an entity is "significant" under the Plan Asset Regulation if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent. or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. For purposes of the Plan Asset Regulation, an equity interest includes any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. For purposes of the Plan Asset Regulation, as modified by Section 3(42) of ERISA, a "Benefit Plan Investor" is (i) an "employee benefit plan" as defined in ERISA and subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a "plan" as defined in and subject to Section 4975 of the Code, or (iii) any entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity.

Accordingly, except as set forth in any relevant Final Terms, and subject to the requirements discussed herein, the Notes (and any interests therein) may be purchased and held by Benefit Plan Investors. Each purchaser and transferee of a Note will be deemed to have represented and agreed that either (i) it is not, and for so long as it holds a Note or any interest in a Note it will not be, and is not acting on behalf of (and for so long as it holds any Note or any interest in a Note will not be acting on behalf of) (A) a Benefit Plan Investor or (B) any governmental or other employee benefit plan subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), or (ii) its purchase, holding and disposition of such Note (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law).

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA AND OTHER U.S. IMPLICATIONS OF AN INVESTMENT IN THE NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX,

FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING TO REVIEW THESE IMPLICATIONS
IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 20 August 2015 (the "**Dealer Agreement**") between DBJ, the Permanent Dealers and the Arranger, the Notes and the Guarantee, if any, will be offered on a continuous basis by DBJ to the Permanent Dealers. However, DBJ has reserved the right to sell Notes and the Guarantee, if any, directly on its own behalf to Dealers that are not Permanent Dealers. The Notes and the Guarantee, if any, may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes and the Guarantee, if any, may also be sold by DBJ through the Dealers, acting as agents of DBJ. The Dealer Agreement also provides for Notes and the Guarantee, if any, to be issued in syndicated Tranches that are either jointly and severally or severally but not jointly underwritten by two or more Dealers.

DBJ will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. DBJ has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

DBJ has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to DBJ.

Selling Restrictions

United States

In relation to Notes other than Registered Notes sold pursuant to Rule 144A

The Notes and the Guarantee, if any, have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

1. Each Dealer has represented and agreed and each other Purchaser will be required to represent and agree that it has not offered, sold or delivered the Notes and the Guarantee, if any, and will not offer, sell or deliver the Notes and the Guarantee, if any, (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes and the Guarantee, if any, of the Tranche of which such Notes and the Guarantee, if any, are a part, as determined and certified by the Fiscal Agent (or, in case of a Syndicated Issue, the Lead Manager) to such Dealer, as provided below, except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer further represents and agrees that it, its affiliates and any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes and the Guarantee, if any, and have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has purchased Notes and the Guarantee, if any, of a Tranche hereunder (or, in the case of a sale of a Tranche of Notes and the Guarantee, if any, issued to or through more than one Dealer, each of such Dealers as to the Notes and the Guarantee, if any, of such Tranche purchased by or through it or, in the case of a Syndicated Issue, the Lead Manager) shall determine and certify to the Fiscal Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed that, at or prior to confirmation of a sale of the Notes and the Guarantee, if any, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes and the Guarantee, if any, from such Dealer during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of this Tranche of Securities

as determined and notified to the [Relevant Dealers], by the [Fiscal Agent/Lead Manager], except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, until 40 days after the completion of the distribution of any identifiable Tranche, an offer or sale of Notes of such Series within the United States by a Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

2. The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in accordance with Regulation S and the rules under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the "**D Rules**"), unless not applicable.

Accordingly, each Dealer has represented and agreed and each other Purchaser will be required to represent and agree, in respect of Notes issued in compliance with the D Rules, that:

- (1) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the restricted period will not offer or sell, any Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (b) it has not delivered and will not deliver within the United States or its possessions Definitive Notes that are sold during the restricted period;
- (2) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (3) if it is a United States person, it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and, if it retains the Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- (4) with respect to each affiliate (if any) that acquires Bearer Notes from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either repeats and confirms the representations, undertakings and agreements contained in paragraphs (1), (2) and (3) on such affiliate's behalf or agrees that it will obtain from such affiliates for the benefit of DBJ the representations, undertakings and agreements contained in such paragraphs (1), (2) and (3); and
- (5) it shall obtain for the benefit of DBJ the representations, undertakings and agreements contained in paragraphs (i), (ii), (iii) and (iv) above of this paragraph from any person other than its affiliate with whom it enters into a written contract (a "distributor" as defined in United States Treasury Regulation §1.163-5(c)(2)(i)(D)(4)), for the offer or sale during the restricted period of the Bearer Notes.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

3. Each Dealer has represented and agreed that it has not entered and will not enter into any contractual arrangement with any distributor (as that term is defined for the purposes of Regulation S and the D Rules, respectively) with respect to the distribution or delivery of the Notes, except with its affiliates or unless such contractual arrangement has imposed or will impose the same restrictions on such distributor as those set out in the subsections 1 and 2 above.

In relation to Registered Notes (being Guaranteed Notes) sold pursuant to Rule 144A and Regulation S

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold except (i) outside the United States in an offshore transaction to non-U.S. persons in accordance with Regulation S under the Securities Act or (ii) within the United

States to QIBs in reliance on Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed and each other Purchaser will be required to represent and agree that it has either (a) complied with the restrictions set forth in paragraph 1 under "—In relation to Notes other than Registered Notes sold pursuant to Rule 144A" or (b)(i) offered, sold or transferred the Notes and the Guarantee in the United States only in private transactions to institutional investors that are reasonably believed to qualify as QIBs, (ii) offered the Notes and the Guarantee in the United States only by approaching prospective purchasers on an individual basis, and no general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act was used in connection with the offering of the Notes and the Guarantee in the United States, (iii) did not sell the Notes and the Guarantee in the United States to any one purchaser for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount, and no Note or Guarantee was issued in connection with such a sale in a smaller principal amount and (iv) ensured that each Note and Guarantee sold as a part of a private placement in the United States will contain a legend stating that such Note and Guarantee have not been, and will not be, registered under the Securities Act, that any resale or other transfer of such Note or any interest therein may be made only: (A) to DBJ or the Guarantor; (B) to a qualified institutional buyer in a transaction which meets the requirements of Rule 144A; (C) outside the United States pursuant to Regulation S under the Securities Act; (D) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or (E) pursuant to an effective registration statement under the Securities Act.

This Offering Circular has been prepared by DBJ for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States in reliance on Rule 144A. DBJ and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, each Purchaser will be required to represent and agree, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (i) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, if applicable and DBJ has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by DBJ for any such offer; or

- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require DBJ or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

In relation to each Relevant Member State, each Dealer has represented and agreed, each Purchaser will be required to represent and agree, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the Relevant Implementation Date it has not made and will not make an offer of Notes which have a minimum denomination of less than €100,000 (or equivalent in another currency) except that it may make an offer of such Notes at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive.

United Kingdom

Each Dealer has represented, warranted and agreed, and each other Purchaser will be required to represent, warrant and agree that:

- (i) in relation to any Notes which have a maturity of less than one year from the date of issue:
 - (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (b) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by DBJ;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to DBJ; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Selling Restrictions Addressing Additional Netherlands Securities Laws

Until the interpretation of the term "public" (as referred to in Article 4.1(1) of the Capital Requirements Regulation (EU/575/2013), the "**CRR**") has been published by the competent authority, each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree that it will not offer, sell, transfer or deliver the Notes in The Netherlands other than to "**professional market parties**" (*professionele marktpartijen*, "**PMPs**") within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**FSA**") and that it will not make an offer of Notes which are the subject

of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (i) such offer is made exclusively to persons or legal entities which are qualified investors (as defined in the FSA and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
- (ii) such offer is made to PMPs which are not qualified investors and standard exemption logo and wording are disclosed as required by article 5:20(5) of the FSA (unless such offer is made in circumstances in which article 5:20(5) is not applicable);

provided that no such offer of Notes shall require DBJ or any Dealer or Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the above provision, the expression an "**offer of Notes to the public**" in relation to any Notes in The Netherlands has the meaning given to it above in the section headed "Public Offer Selling Restriction Under the Prospectus Directive".

As soon as the interpretation of the term "public" as referred to in Article 4.1(1) of the CRR has been published by the competent authority, each Dealer will be required to represent and agree, and each other Purchaser will be required to represent and agree that it will not offer, sell, transfer or deliver the Notes in The Netherlands other than to persons or legal entities that are not part of the public within the meaning of the CRR and the FSA, and provided that:

- (i) standard exemption logo and wording are disclosed as required by article 5:20(5) of the FSA if an offer of Notes in reliance on Article 3(2) of the Prospectus Directive is made to persons or legal entities which are not qualified investors within the meaning of the FSA (unless such offer is made in circumstances in which article 5:20(5) is not applicable); and
- (ii) no such offer of Notes shall require DBJ or any Dealer or Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the above provisions, the expression "**Prospectus Directive**", has the meaning given to it above in the section headed "Public Offer Selling Restriction Under the Prospectus Directive".

Notwithstanding the above, Zero Coupon Notes may not, directly or indirectly, as part of their initial distribution (or immediately thereafter) or as part of any re-offering be offered, sold, transferred or delivered in The Netherlands. For purposes of this paragraph "Zero Coupon Notes" are Notes that are in bearer form (whether in definitive or in global form) and that constitute a claim for a fixed sum against DBJ and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act and will be subject to the Special Taxation Measures Act. Accordingly, each Dealer has represented and agreed and each other Purchaser will be required to represent and agree that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used in this item (i) means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and governmental guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not, as part of its initial distribution, directly or indirectly, offer or sell any Notes to, or for the benefit of, any person other than, or to others for re-offering or re-sale, directly or indirectly to, or for the benefit of, any person other than, (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person or entity controlling, or controlled by, DBJ, or otherwise having a prescribed special relationship with DBJ as described in Article 6 of the Special Taxation Measures Act and Cabinet Order No. 43 of 31 March 1957

promulgated thereunder, as amended (the "**Cabinet Order**") (a "**Related Party**"), (ii) a Japanese financial institution, designated in Article 3-2-2 paragraph (29) of the Cabinet Order that will hold the Notes for its own proprietary account or (iii) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme be required to represent, warrant and agree, that:

- (a) it has not offered or sold, and will not offer or sell in Hong Kong, the Notes by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO or (ii) in other circumstances which do not result in a document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued, or had in its possession for the purpose of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

PRC (excluding Hong Kong, Macau and Taiwan)

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes may not be offered or sold directly or indirectly in the PRC. Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission (the "**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. This document or any information contained or incorporated by reference herein relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested in by the PRC investors that are authorised to engage in purchase of the Note of the type being offered or sold. PRC investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the CSRC, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

General

These selling restrictions may be modified by the agreement of DBJ and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each other Purchaser will be required to agree that it will, to the best of its knowledge, comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither DBJ, nor any other Dealer shall have responsibility therefor.

Neither DBJ nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Purchaser will be required to comply with such other additional restrictions as DBJ and the relevant Purchaser shall agree and as shall be set out in the applicable Final Terms or in a supplement to this Offering Circular.

Stabilisation

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by DBJ. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Any stabilisation will be conducted in accordance with all applicable regulations. Under laws and regulations of the United Kingdom stabilising activities may only be carried on by the stabilising manager in respect of the relevant Tranche and must be discontinued no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

TRANSFER RESTRICTIONS

This section only applies to Guaranteed Notes that are sold pursuant to Rule 144A and Regulation S. This section does not apply to (i) Guaranteed Notes that are sold purely pursuant to Regulation S, or (ii) Non-guaranteed Notes.

Restricted Registered Notes

Each Purchaser of Restricted Registered Notes in reliance on Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Notes and the Guarantee for its own account, or for the account of one or more QIBs and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes and the Guarantee to it is being made in reliance on Rule 144A.
2. The Restricted Registered Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
3. The Restricted Registered Notes, unless DBJ determines otherwise in compliance with applicable law, will bear a legend substantially to the following effect:

THIS NOTE AND THE GUARANTEE RELATING TO THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO IN RULE 144(d) UNDER THE SECURITIES ACT AS IN EFFECT WITH RESPECT TO SUCH TRANSFER, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO DBJ, THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "**OFFSHORE TRANSACTION**," "**UNITED STATES**" AND "**U.S. PERSON**" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

EXCEPT AS OTHERWISE SET FORTH IN ANY RELEVANT FINAL TERMS, THE PURCHASER OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT, EITHER (I) IT IS NOT AND FOR AS LONG AS IT HOLDS THE NOTE (OR ANY INTEREST THEREIN) IT WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF ERISA AND SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR ANY GOVERNMENTAL OR OTHER

EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (II) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST THEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW). ANY PURPORTED PURCHASE OR TRANSFER OF NOTES (OR ANY INTEREST IN A NOTE) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID AB INITIO.

4. It understands that DBJ, the Registrar, the Transfer Agent, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes and the Guarantee for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.
5. It understands that the Restricted Registered Notes will be evidenced by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
6. Except as otherwise set forth in any relevant Final Terms, it will be deemed to have represented and agreed that, either (i) it is not and for as long as it holds the Note (or any interest therein) it will not be, and is not and will not be acting on behalf of, an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets are deemed for purposes of Section 406 of ERISA or Section 4975 of the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "**Benefit Plan Investor**"), or any governmental or other employee benefit plan subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), or (ii) its purchase, holding and disposition of such Note (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law). Any purported purchase or transfer of Notes (or any interest in a Note) that does not comply with the foregoing shall be null and void *ab initio*.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Unrestricted Registered Notes

Each Purchaser of Notes and the Guarantee outside the United States pursuant to Regulation S and each subsequent Purchaser of such Notes pursuant to resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and is purchasing the Notes in an offshore transaction pursuant to Regulation S.
- (ii) It understands that such Notes and the Guarantee have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

- (iii) It understands that such Notes, unless otherwise determined by DBJ in compliance with applicable law, will bear a legend substantially to the following effect:

THIS NOTE AND THE GUARANTEE RELATING TO THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (I) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (II) OTHERWISE UNTIL 40 DAYS AFTER COMPLETION OF THE DISTRIBUTION OF THE SERIES OF WHICH SUCH NOTES AND THE GUARANTEE ARE A PART AS DETERMINED AND CERTIFIED TO THE FISCAL AGENT BY THE RELEVANT DEALER, IN THE CASE OF A NON-SYNDICATED ISSUE, OR THE LEAD MANAGER, IN THE CASE OF A SYNDICATED ISSUE, EXCEPT IN EITHER CASE IN ACCORDANCE WITH RULE 903 OF REGULATION S. TERMS USED ABOVE WHICH ARE NOT OTHERWISE DEFINED HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S.

EXCEPT AS OTHERWISE SET FORTH IN ANY RELEVANT FINAL TERMS, THE PURCHASER OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT, EITHER (I) IT IS NOT AND FOR AS LONG AS IT HOLDS THE NOTE (OR ANY INTEREST THEREIN) IT WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF ERISA AND SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"), OR ANY GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (II) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST THEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW). ANY PURPORTED PURCHASE OR TRANSFER OF NOTES (OR ANY INTEREST IN A NOTE) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID AB INITIO.

- (iv) It understands that DBJ, the Registrar, the Transfer Agent, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (v) It understands that the Notes offered in reliance on Regulation S will be evidenced by the Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (vi) Except as otherwise set forth in any relevant Final Terms, it will be deemed to have represented and agreed that, either (i) it is not and for as long as it holds the Note (or any interest therein) it will not be, and is not and will not be acting on behalf of, an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets are deemed for purposes of Section 406 of ERISA or Section 4975 of the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "**Benefit Plan Investor**"), or any governmental or other

employee benefit plan subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), or (ii) its purchase, holding and disposition of such Note (or any interest therein) does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law). Any purported purchase or transfer of Notes (or any interest in a Note) that does not comply with the foregoing shall be null and void *ab initio*.

5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6. (i) Specified Denominations: [•]
(ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
(ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
8. Maturity Date: [•]⁷
9. Interest Basis: [[•] per cent. Fixed Rate]
[[•] +/- [•] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
13. (i) Status of the Notes: Senior
(ii) Date of [Board] approval for issuance of Notes obtained: [•]
[(iii) Details of approval in relation to the Guarantee:] [•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [•] with Business Centre(s) being [•] / not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount⁸
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]

⁷ For Renminbi Fixed Rate Notes where Interest Payment Dates are subject to modification, it will be necessary to use "Interest Payment Date falling on or nearest to [•]".

⁸ For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 being rounded upwards.

	(v)	Day Count Fraction:	[30/360 / Actual/Actual ([ICMA/ISDA])/ Actual/360/ Actual/365(Fixed)] ⁹
	(vi)	[Determination Dates:	[•] [and [•]] in each year]
15.		Floating Rate Note Provisions	[Applicable/Not Applicable]
	(i)	Interest Period(s):	[•]
	(ii)	Specified Interest Payment Dates:	[[•] [and [•]] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]
	(iii)	First Interest Payment Date:	[•]
	(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
	(v)	Business Centre(s):	[•]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination / ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent):	[•]
	(viii)	Screen Rate Determination:	
		• Reference Rate:	[LIBOR/EURIBOR/BBSW]
		• Interest Determination Date(s):	[•]
		• Relevant Screen Page:	[•]
	(ix)	ISDA Determination:	
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(x)	Margin(s):	[+/-][•] per cent. per annum
	(xi)	Minimum Rate of Interest:	[•] per cent. per annum
	(xii)	Maximum Rate of Interest:	[•] per cent. per annum
	(xiii)	Day Count Fraction:	[•]
16.		Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(i)	Amortisation Yield:	[•] per cent. per annum

⁹ Applicable to Renminbi denominated Fixed Rate Notes.

PROVISIONS RELATING TO REDEMPTION

17. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount: [•] per Calculation Amount
 - (iv) Notice period: [•]
18. **Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
 - (iii) Notice period: [•]
19. Final Redemption Amount of each Note: [•] per Calculation Amount
20. Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[Par] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. **Form of Notes:**
- Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- Registered Notes:**
- [For Non-Guaranteed Notes offered under Regulation S: Regulation S Global Certificate registered in the name of a nominee for [a common depositary/a common safekeeper] for Euroclear and Clearstream, Luxembourg]

[For Guaranteed Notes offered under Regulation S Only Guaranteed Note Offerings: Regulation S Global Certificate registered in the name of a nominee for [a common depository/a common safekeeper] for Euroclear and Clearstream, Luxembourg]

[For Guaranteed Notes offered under Rule 144A and Regulation S Guaranteed Note Offerings: Unrestricted Global Certificate registered in the name of a nominee for [a common depository/a common safekeeper] for Euroclear and Clearstream, Luxembourg] and Restricted Global Certificate registered in the name of a nominee for the custodian for DTC]

22. New Global Note: [Yes] [No]
23. Financial Centre(s): [Not Applicable/[•]]
24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]

[THIRD PARTY INFORMATION]

[•] has been extracted from [•]. DBJ confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of
Development Bank of Japan Inc.:

By:

Duly authorised

PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application has been made for the Notes to be admitted to trading on [the Professional Securities Market of the London Stock Exchange]] [Not Applicable.]
2. **RATINGS**
Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[S&P: [•]]
[Moody's: [•]]
[Rating and Investment Information, Inc.: [•]]
[Other: [•]]
3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**
[•]
4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**
[(i) Reasons for the offer: [•]]
[(ii) Estimated net proceeds: [•]]
[(iii) Estimated total expenses related to the admission to trading: [•]]
5. **[Fixed Rate Notes only — YIELD]**
Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
6. **OPERATIONAL INFORMATION**
ISIN Code: [•]
Common Code: [•]
[CUSIP: [•]]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and/or DTC and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
Delivery: Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any): [•]

7. **DISTRIBUTION**

- (i) Indication of the overall amount of the underwriting commission and of the placing commission: [] per cent. of the Aggregate Nominal Amount
- (ii) US Selling Restrictions (Categories of potential investors to which the Notes are offered): [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable] []; Rule 144A (ERISA [Yes/No])

GENERAL INFORMATION

- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a Temporary Global Note or a Permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or before 25 August 2015. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Market will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.
- (2) DBJ has obtained all necessary consents, approvals and authorisations in Japan and the United Kingdom in connection with the update of the Programme including in relation to issues of Notes from 1 April 2015 to 31 March 2016.
- (3) Issuance of Notes will be subject to the maximum amount resolved by DBJ's board of directors from time to time. In addition, each particular issue of Guaranteed Notes will, on a case-by-case basis, necessitate the obtaining of authorisation by Japan of any such Guarantee, and issues of Guaranteed Notes are subject to limits imposed by annual budgetary authorisations set by the Japanese Diet for each fiscal year ending at the end of March.
- (4) There has been no significant change in the financial or trading position of DBJ or of the Group since 31 March 2015 and no material adverse change in the prospects of DBJ or of the Group since 31 March 2015.
- (5) Neither DBJ nor any of its subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which DBJ is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of DBJ or the Group.
- (6) Japan is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Japan is aware) during the 12 months preceding the date of the Offering Circular which may have, or has had in the recent past, significant effects on Japan's financial position.
- (7) There has been no significant change in the public finance and trading position of Japan since 31 March 2015.
- (8) As of the date of this Offering Circular the contact address and telephone number for DBJ for the purposes of this Offering Circular is Division of Financing, Treasury Department, Development Bank of Japan Inc., 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8178, Japan, telephone: 81-3-3244-1820.
- (9) In respect of Guaranteed Notes only, the contact address and telephone number for Japan for the purposes of this Offering Circular is Market Finance Division, Financial Bureau, Ministry of Finance, 3-1-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8940, Japan, telephone: 81-3-3581-4111.
- (10) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

- (11) Each Note, Certificate, Receipt, Coupon and Talon will bear the following legend:

"INTEREST PAYMENTS ON THE NOTES PAID THROUGH AND INCLUDING 31 DECEMBER 2015 WILL BE SUBJECT TO JAPANESE WITHHOLDING TAX UNLESS THE HOLDER ESTABLISHES THAT NOTES ARE HELD BY OR FOR THE ACCOUNT OF A HOLDER THAT IS (A) FOR JAPANESE TAX PURPOSES, NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A RELATED PARTY OF DBJ AS DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN, OR (B) A DESIGNATED JAPANESE FINANCIAL INSTITUTION DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN WHICH COMPLIES WITH THE JAPANESE TAX EXEMPTION REQUIREMENTS.

INTEREST PAYMENTS ON THE NOTES PAID THROUGH AND INCLUDING 31 DECEMBER 2015 TO AN INDIVIDUAL RESIDENT OF JAPAN, TO A JAPANESE CORPORATION, OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IS A RELATED PARTY OF DBJ AS DESCRIBED IN THE PRECEDING PARAGRAPH (EXCEPT FOR A DESIGNATED JAPANESE FINANCIAL INSTITUTION WHICH HAS COMPLIED WITH THE REQUIREMENTS UNDER ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN) WILL BE SUBJECT TO DEDUCTION IN RESPECT OF JAPANESE INCOME TAX AT A RATE OF 15.315 PER CENT. OF THE AMOUNT SPECIFIED IN SUB-PARAGRAPH (A) OR (B) BELOW, AS APPLICABLE:

- (A) IF INTEREST IS PAID TO AN INDIVIDUAL RESIDENT OF JAPAN, TO A JAPANESE CORPORATION, OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IS A RELATED PARTY OF DBJ AS DESCRIBED IN THE PRECEDING PARAGRAPH (EXCEPT AS PROVIDED IN SUB-PARAGRAPH (B) BELOW), THE AMOUNT OF SUCH INTEREST; OR
- (B) IF INTEREST IS PAID TO A PUBLIC CORPORATION, A FINANCIAL INSTITUTION, A REGISTERED FINANCIAL INSTRUMENTS FIRM OR CERTAIN OTHER ENTITY (WHICH HAS COMPLIED WITH THE JAPANESE TAX EXEMPTION REQUIREMENTS) THROUGH ITS PAYMENT HANDLING AGENT IN JAPAN AS PROVIDED IN ARTICLE 3-3 PARAGRAPH (6) OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN, THE AMOUNT OF SUCH INTEREST MINUS THE AMOUNT PROVIDED IN THE CABINET ORDER RELATING TO SAID PARAGRAPH (6).

INTEREST PAYMENTS ON THE NOTES PAID ON OR AFTER 1 JANUARY 2016 WILL BE SUBJECT TO JAPANESE WITHHOLDING TAX UNLESS THE HOLDER ESTABLISHES THAT NOTES ARE HELD BY OR FOR THE ACCOUNT OF A HOLDER THAT IS (A) FOR JAPANESE TAX PURPOSES, NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A RELATED PARTY OF DBJ AS DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN, (B) A DESIGNATED JAPANESE FINANCIAL INSTITUTION DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN WHICH COMPLIES WITH THE JAPANESE TAX EXEMPTION REQUIREMENTS, OR (C) A PUBLIC CORPORATION, A FINANCIAL INSTITUTION, A REGISTERED FINANCIAL INSTRUMENTS FIRM OR CERTAIN OTHER ENTITY (WHICH HAS COMPLIED WITH THE JAPANESE TAX EXEMPTION REQUIREMENTS) WHICH HAS RECEIVED SUCH PAYMENTS THROUGH ITS PAYMENT HANDLING AGENT IN JAPAN AS PROVIDED IN ARTICLE 3-3 PARAGRAPH (6) OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN.

INTEREST PAYMENTS ON THE NOTES PAID ON OR AFTER 1 JANUARY 2016 TO AN INDIVIDUAL RESIDENT OF JAPAN, TO A JAPANESE CORPORATION, OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IS A RELATED PARTY OF DBJ AS DESCRIBED IN THE PRECEDING PARAGRAPH (EXCEPT FOR THE DESIGNATED JAPANESE FINANCIAL INSTITUTION AND THE

PUBLIC CORPORATION, THE FINANCIAL INSTITUTION, THE REGISTERED FINANCIAL INSTRUMENTS FIRM AND CERTAIN OTHER ENTITY DESCRIBED IN THE PRECEDING PARAGRAPH) WILL BE SUBJECT TO DEDUCTION IN RESPECT OF JAPANESE INCOME TAX AT A RATE OF 15.315 PER CENT. OF THE AMOUNT OF SUCH INTEREST."

- (12) Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and/or DTC systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN), the CUSIP and (where applicable) the identification number for any other Alternative Clearing System for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 20041. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (13) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of Fiscal Agent:
- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Deed of Covenant;
 - (iii) the DBJ Act and the Articles of Incorporation and Rules and Regulations of the Board of Directors of DBJ;
 - (iv) the audited consolidated financial statements of DBJ for the financial years ended 31 March 2014 and 31 March 2015, together in each case with the audit report thereon;
 - (v) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area or on the London Stock Exchange's Professional Securities Market, nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive or where listing particulars are required to be published under the FSMA, will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to DBJ and the Fiscal Agent as to its holding of Notes and identity); and
 - (vi) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular.

The Offering Circular, the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published by being made available, free of charge, at the registered office of DBJ and at the office of the Fiscal Agent.

- (14) For so long as Guaranteed Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of Fiscal Agent:
- (i) Japan's Annual Report on Form 18-K for the year ended 31 March 2015, containing Japan's financial information for the two fiscal years ended 31 March 2015 and Japan's budget for the fiscal year ended 31 March 2016; and
 - (ii) each executed deed of guarantee relating to the Notes (save that a deed of guarantee relating to a Guaranteed Note which is neither admitted to trading on a regulated market within the European Economic Area or on the London Stock Exchange's Professional Securities Market, nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive or where listing particulars are required to be published under the FSMA, will only be available for inspection by a holder of such Guaranteed Note and such holder must produce evidence

satisfactory to DBJ and the Fiscal Agent as to its holding of Guaranteed Notes and identity).

- (15) Copies of the latest annual report and consolidated accounts of DBJ and the latest interim consolidated accounts of DBJ may be obtained, and copies of the Agency Agreement and the Deed of Covenant will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (16) Although Japan is subject to the jurisdiction of the Tokyo District Court generally, it has not consented to the jurisdiction of any court outside Japan in connection with actions brought against it for any purpose in any way relating to the Notes or its guarantee of any Guaranteed Notes, has not appointed an agent for service of process in connection with any such action and has not agreed to waive any degree of sovereign immunity to which it may be entitled in any such action.
- (17) Deloitte Touche Tohmatsu LLC (a Japanese member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee), independent auditors to DBJ registered by the Japanese Institute of Certified Public Accountants, has audited the consolidated financial statements of DBJ as of and for the years ended 31 March 2014 and 31 March 2015, and issued an unqualified opinion in respect of each of them.
- (18) Certain of the Dealers from time to time have performed various investment and commercial banking services for DBJ in the ordinary course of its business. DBJ may engage in a currency hedging transaction directly or indirectly with one or more of the Dealers in connection with the issue and offering of any of the Notes.
- (19) Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with DBJ. They have received, or may in the future receive, customary fees and commissions for these transactions.

In connection with each Tranche of Notes issued under the Programme, certain Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, certain Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of DBJ, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Final Terms relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of DBJ. Certain of the Dealers or their affiliates that have a lending relationship with DBJ routinely hedge their credit exposure to DBJ consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in DBJ's securities, including potentially the Notes offered under the Programme. Any such short positions could adversely affect future trading prices of the Notes offered under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED OFFICE OF DBJ

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London EC2Y 9AN

also acting through

MUFG Union Bank, N.A.

Attention: Corporate Trust Department
1251 Avenue of the Americas, 19th Floor
New York, NY 10020

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Minato-ku, Tokyo 107-0051

To the Dealers as to English law

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(Gaikokuho Kyodo Jigyo)**
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To the Dealers as to U.S. law

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INDEPENDENT AUDITORS TO DBJ

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Development Bank of Japan Inc.